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INDUSTRIAL RELATIONS RESEARCH ASSOCIATION  
7114 Social Science Bldg., University of Wisconsin  
Madison, Wisconsin 53706 U. S. A.

# INDUSTRIAL RELATIONS RESEARCH ASSOCIATION

PAPERS PRESENTED AT  
THIRTEENTH ANNUAL MEETING  
ST. LOUIS, MISSOURI  
DECEMBER 28-29, 1960

and  
Index of  
IRRA Publications  
1948-1960

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**PROCEEDINGS OF THIRTEENTH  
ANNUAL MEETING OF INDUSTRIAL  
RELATIONS RESEARCH ASSOCIATION**

*and* Index of  
IRRA Publications  
1948-1960



# PROCEEDINGS OF THE THIRTEENTH ANNUAL MEETING

INDUSTRIAL RELATIONS  
RESEARCH ASSOCIATION

ST. LOUIS, MISSOURI  
DECEMBER 28 AND 29, 1960

*and* Index of IRRA Publications, 1948-1960

EDITED BY GERALD G. SOMERS

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## PREFACE

The St. Louis meetings continued the Association's tripartite consideration of current issues in industrial relations and its biennial surveys of the status of teaching and research in this field. All of the papers and prepared discussions presented in the program are included in these *Proceedings*. The Association is grateful to the participants for their prompt submission of manuscripts and to those who agreed to a reduction in the size of their papers for purposes of publication.

In addition to the business reports customarily included in the *Proceedings*, the current publication contains the first index of IRRA publications. The Index begins with the proceedings of the first annual meeting in 1948 and covers all of the succeeding annual and spring *Proceedings* up to and including the 1960 publication. Contributions to the Association's special volumes published during this period are also indexed. In the hope that the Index may prove to be a useful research resource, the contributions have been classified chronologically within subject headings. An alphabetical listing of contributors is also included.

GERALD G. SOMERS, *Editor*



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**Part I**

**PRESIDENTIAL ADDRESS**

# CONSENSUS AND NATIONAL LABOR POLICY

JOHN T. DUNLOP

*Harvard University*

The theme of these remarks is that our national industrial relations system suffers from excessive legislation, litigation, formal awards and public pronouncements; that the principal carriers of this disease are politicians, and that the imperative need is to alter drastically our methods of policy formation to place much greater reliance upon the development of consensus.

Professor William Ernest Hocking defined the politician as the "man who deliberately faces both the certainty that men must live together, and the endless uncertainty on what terms they can live together, and who takes on himself the task of proposing the terms, and so of transforming the unsuccessful human group into the successful group." In proposing the changing terms on which government agencies, managements and unions shall live together in an industrial relations system our politicians have fallen far short of Professor Hocking's standards. Contrary to the wisdom of antiquity, they have separated legislation and a philosophy of collective bargaining; contrary to Holmes they have exalted a kind of legal logic over experience; they have reflected little understanding of the practical work level in an industrial society, and they have imposed rules rather than first develop a consensus among those to be affected. These same habits have characterized to a large degree the confederation levels of management and labor; thus, formalism, litigation and unreality pervade the national industrial relations system.

Collective bargaining, in the sense of the relationships between management and unions at the work place, enterprise or industry, is not the topic today. However, I wish to pause long enough on collective bargaining to express the judgment that I do not agree that the country faces a crisis in collective bargaining or that "something is seriously awry in the system of collective bargaining," at least as collective bargaining has been used to refer to the negotiation and administration of agreements. Rather, the overwhelming evidence is that on balance relationships never were better as judged by such standards as grievance handling, discipline, arbitration, wage structure administration, wildcat strikes or violence. It is true that in some industries the environment has become tougher affecting

the bargaining, but that is the function of collective bargaining. It is also true that new problems are emerging which may require a new form of relationship—the conference method—among labor, management, and even government. The need for these new forms of relationships in the decade ahead does not mean that collective bargaining has failed; indeed, these new conferences are often being created by traditional collective bargaining.

This discussion of national labor policy is divided into three sections which consider in turn the formation of national labor policy by government, the decisions of the labor movement at the federation level, and finally the policymaking of the confederation level of management.

#### THE FEDERAL GOVERNMENT

The management of American industrial enterprises prior to the Wagner Act, by and large, simply refused to recognize labor organizations. There were notable exceptions as where craftsmen were exceptionally strong, or where the social pressures of isolated communities or groups of workers were particularly intense or where some enterprises for financial reasons or through the idealistic conviction of a few managers accepted collective bargaining. But the expanding mass production industries were overwhelmingly anti-union.

On three occasions, as Professor Slichter pointed out, a major effort was made to persuade American managers voluntarily to adopt a labor policy of recognition of trade unions and the acceptance of collective bargaining. On each occasion the attempt failed miserably. The first attempt at the turn of the century was under the leadership of the National Civic Federation, Mark Hanna, and other business leaders. The second attempt was made by President Wilson through the Industrial Conference to perpetuate principles of labor-management relations temporarily accepted or imposed during World War I. The third attempt was made through section 7a of the NIRA which proclaimed the rights of collective bargaining and sought to pledge employers to non-interference in the exercise by workers of self-organization.

The failure to persuade American managers without the compulsions of law to recognize labor unions is in marked contrast to the Scandinavian and British experience. In Denmark the September Agreement, made between the central confederation of employers and

unions, following the great lockout of 1899, shaped fundamentally the patterns of industrial relations to follow. It provided for mutual recognition and acknowledged the right of strike and lockout after appropriate notice and votes. It recognized the employer's "right to direct and distribute the work and to use what labor may in his judgment be suitable . . ." In Sweden the 1906 "December Compromise" between the confederation levels of employers and unions recognized the full freedom of employers to hire and fire organized and unorganized workers and in exchange recognized the full freedom of workers to organize and provided for redress in case of discipline for exercising this right. In Great Britain the gradual development of its industrial relations system is well characterized by Allan Flanders: "Collective bargaining is for us essentially a voluntary process. . . . The process itself is not normally enforced or regulated by law. . . ."

While there was very considerable industrial conflict and political struggle for a period in Scandinavia and in Great Britain over the status of labor organizations, in the end the right to organize and to engage in bargaining, as well as the procedures and arrangements for bargaining, were evolved gradually by custom or by explicit agreement between organized managements and unions. They were not imposed by law.

In the early 1930's it might have appeared that the United States was headed in the general direction pioneered by Britain and Scandinavia with the lag of a generation to which our British cousins have been prone to point. The greater size of our country, the lesser cohesiveness of our managers, the lesser class consciousness of our workers, the lesser role of export markets, and the later industrialization and greater significance of agriculture combine to explain the lag.

The Norris LaGuardia Act of 1932 only sought to remove the most serious obstacles which had been developed by the courts to labor organization and to the use of economic weapons in organizing and in bargaining with employers. This statute accorded with the dominant view of labor leaders that they only desired the government and courts to be "neutral"; they did not seek active intervention of the government in their behalf.

The Railway Labor Act of 1926 was in the same mold; it was largely shaped by the joint action of the carriers and the labor organizations. The significant fact is that the establishment of a collective bargaining relationship between the parties and the pro-

cedures for dealing with each other were mutually determined. They had the experience of together shaping the framework of their relations and an active joint role in defining the activity of governmental agencies. This experience provides the basis for further joint activity, and when politicians deprive labor and management of this experience they eliminate a sense of responsibility for the operation of a statute and deprive the parties of a basis for further cooperation.

The Wagner Act was to constitute a major change in the development of public policy, although it was probably not so intended. On the face of it, the statute did not seem complex. It was designed simply to require employers to recognize and to bargain with labor unions where the employees desired a union. It compelled managements to do what they had resisted doing under voluntary persuasion. However, the Wagner Act was to constitute a major fork in the road of labor policy, not merely on account of what it provided, but as a consequence of the inherent implications of the legislative approach in the absence of mutual sanctions for the statute. The signs on the road necessarily pointed to the Taft-Hartley law, the Landrum-Griffin Act, and beyond because of the way in which the policies were determined under the conditions of the times.

It is not necessary here to sketch the inevitable administrative, legislative, judicial, and political steps by which the nation moved from the Wagner Act to Taft-Hartley and then to Landrum-Griffin, nor to outline the steps that are yet to come down this fork in the road. The present state of determination of governmental industrial relations policy can be briefly summarized in seven paragraphs as follows:

(1) The legislative framework of collective bargaining is now regulated by a highly partisan political process. Thus, the Democratic Platform for 1960 promised the "repeal of the anti-labor excesses which have been written into our labor laws," and it accused the Republican administration of establishing a "national anti-labor policy." The Republicans pledged "diligent administration of the existing statutes with recommendations for improvements or to remove inequities."

(2) The responsibility of organized management and labor in shaping the legislative framework and in the administration of the statutes is virtually nil; it is confined to making formal and highly extreme public statements. The politicians have been poor mediators.

(3) The national policy encourages litigation rather than settlement. Litigation fosters unreality in the extreme. It takes a great deal of time; cases are decided years after issues are raised, violating the first principle of industrial relations. The proceedings are highly technical, lawyers are involved in game playing rather than in the process of practical accommodation of the parties and dispute settlement.

(4) The legislative framework is more and more technical and detailed. The point has been reached where general provisions no longer make sense in many industries and we have started in the direction of special provisions for particular industries, as Title VII of the 1959 Act indicates. Fewer and fewer members of the Congress can be equipped to understand the technical issues, and language is necessarily written hastily in late sessions and conference committees by staff lawyers far from the bargaining process. Formal compromises in words assure unending litigation.

(5) It should be recognized as a first principle that no set of men is smart enough to write words through which others cannot find holes when the stakes are high. Thus, the secondary boycott provisions of Taft-Hartley helped to create hot-cargo clauses which in turn led to new provisions in Title VII of the 1959 Act which in turn are leading to new clauses which may well lead to another decade of litigation and then further legislation. The game-playing of the income tax law is not suitable to collective bargaining, the practical necessities of labor-management relations, and the imperatives of the times which require increased cooperation and productivity.

(6) The long-term legislative framework of collective bargaining has been excessively influenced by short-term influences. The depression shaped the Wagner Act; the post-war inflation and wave of strikes influenced decisively the Taft-Hartley law; and the McClellan Committee largely determined the 1959 law. The compulsions of the immediate are hardly the most appropriate in which to set the framework in which managements and labor organizations shall live for a generation. The long view has been lacking.

(7) In a democratic and pluralistic society the government is seeking to impose on parties to collective bargaining by statute and administrative rulings a set of standards of conduct which in many

respects is highly unrealistic. To remove the parties from any significant responsibility for the formation and administration of policy is destructive of the character of our society, leads to impractical and unreal policies and to mass evasion and disrespect.

Such is the state of government labor policy.

I pause to urge that the most significant research contribution that the members of this Association can make to government labor policy is to show how it actually operates. We need less analysis of the law and the cases and much research on the experience at the work place. We need to report and to analyze what actually happens in industrial relations after the NLRB, the courts or arbitrators issue decisions and how the parties use the existence of the law. We need a greater sense of the limitations of pieces of paper.

It is unrealistic to expect any substantial turning back on the present road to government policy, but it should be possible to resolve to proceed no further down the present course. The legislative and administrative framework of collective bargaining should be changed only after extensive consultation and mediation through neutral or government experts with organized management and labor. Labor-management legislation must be a matter of consensus to be effective. The parties should bear a measure of direct responsibility for policy rather than leaving both sides free to criticize legislation as biased and impractical and then devote their full energies and imagination to circumventing the law. A major role should even be evolved for the parties in the administration of the present statutes and to reduce formal litigation. Without the consensus of the parties there can only be further litigation and political legislation. No matter how long it takes, patient mediation and the development of a consensus among top labor and management (with public and government experts) is essential to any solution to the present policy gap.

#### THE LABOR MOVEMENT

The short road to merger, to use Mr. Meany's phrase, involved putting the many unresolved problems among international unions, including their relations to a single trade union center, in the hands of the merged federation with the hope that the divisive issues could be gradually resolved. The architects of the merger rejected what Mr. Meany has called the method of perfection, which would have resolved these issues in advance of merger on the grounds this road

would have taken too long even if it could have led eventually to merger.

By August 1959 it was evident that the many hard problems had not obligingly drifted away, and the Executive Council appointed a special committee to study seven areas of internal disputes. They were listed as follows:

1. The No-Raid clause in the constitution.
2. The agreement between the Industrial Union Department and the Building Trades Department.
3. The dispute between the Metal Trades Department and the Industrial Union Department.
4. The matter of boycotts.
5. The transfer to national and international affiliates of directly affiliated local unions.
6. Organizing ethics in competitive organizing campaigns.
7. Anti-contracting out provisions in trade union contracts.

The Committee was charged with the responsibility of recommending procedures for "an early and conclusive disposition of such types of disputes." The San Francisco convention in September 1959 did adopt the recommendation of the Committee that it should develop a detailed plan, to be approved at a special convention, to resolve all these types of disputes, "embodying final and binding arbitration as the terminal point in such disputes." A qualification was added that ". . . such arbitration shall be limited to the settlement of disputes only and shall not include the determination of the work or trade jurisdiction of affiliates." The promise of San Francisco was widely hailed, but by the Miami meeting of the Executive Council in February 1960 this approach to internal problems appeared to have been abandoned, and thus far there has been no detailed plan nor special convention.

The fundamental defects of the proposed arbitration approach need to be stated. There can be nothing but respect for the willingness to give up autonomy and sovereignty to the extent proposed by arbitration, but the approach is impractical. So wide a range of problems as organizing ethics, boycotts and work assignment disputes cannot readily be encompassed in a single machinery. The qualification in the resolution on jurisdiction is a reminder how far apart are those who still think in terms of "exclusive jurisdiction," the corner-

stone of the AFL constitution, and those who exalt the "collective bargaining relationship," the central concept in the constitution of the merged federation. In the building trades-industrial union disputes there are more interests than the two groups of unions involved; neither contractors nor industrial plants will permit unions to arbitrate their economic destiny. No private disputes settlement can long endure when the governmental machinery yields opposite results and protects a violator of a private plan. There can be no effective enforcement machinery, and the federation has no effective sanctions except to encourage withdrawal of the strong.

These difficulties are significant, but they do not go to the heart of the problem. Arbitration was to be invoked as a way to solve problems which do not lend themselves well to stipulated issues. There must be a meeting of minds, an agreement, a consensus, on the issues listed. Arbitration cannot be a substitute for agreement-making in the areas of such disputes. The short road to merger was taken on the presumption that a number of mergers would follow among competing international unions and that many bilateral jurisdictional agreements among disputing unions would be negotiated. Arbitration cannot achieve these results, nor can it be a substitute for consent. No set of words quickly contrived can substitute for the meeting of minds that comes from extended conferences or the good faith that must be built gradually from particular cases. There may have been a short road to merger, but there is only a long road to consensus.

There is relatively little working contact, except through the head of the Federation, between the presidents of the former CIO industrial unions and the building trades and craft unions. They often do not speak the same language; they have very different concepts of jurisdiction; they have different traditions and views of the union label; they use staff assistants in quite different ways; they do not often meet. This sort of gap which magnifies the substantive issues cannot be bridged by formal arbitration. Agreement-making among international unions is a long and slow process; it is hard and detailed work in which persistence and imagination are major tools. An illustration is afforded in the relations between the Iron Workers and the Glaziers. Their 1957 jurisdictional agreement needed to be modernized for a variety of reasons, including the position of the glazing contractors. It took at least 15 sessions and 30 days of meetings this year, not to mention many other conferences with each group, to achieve the revision. In some cases more than seven years

have been spent in mediating some agreements, as that between the United Association and the Sheet Metal Workers on air conditioning and kitchen equipment. The results cannot be achieved in a single session or in three or four a year. Moreover, relationships must be kept attuned to new problems, both internal and substantive.

The arbitration decisions under the no-raiding agreement and the CIO organizational disputes plan and the recommendations under Article III, Sec. 4 of the constitution, pursuant to the February 1958 action of the Executive Council, have resolved a number of particular cases. The powers of these umpires are very narrowly circumscribed, and they have increasingly confronted compliance problems; these plans have not been administered so as to achieve agreement over the underlying issues.

Let it be clear that I have not said there is no place for a neutral in helping to settle these disputes, nor that orderly procedures are not required. But my experience and conviction is strongly that the arbitration process, particularly of the more formal type, has relatively little to contribute to the development of consensus and working relations within the federation.

#### MANAGEMENT

In his presidential address to this association two years ago, Professor Bakke said: "It is not an exaggeration to say that when collective bargaining became a part of operations of a company, managerial methods underwent a revolution greater than would have been the case if those companies had been nationalized. . . ." There have been enormous transformations in industrial management in the past generation, and along with modern technology and business schools, the rise of unionism in large scale industry has been a decisive factor creating the changes.

There have been two principal developments in industrial management related to the rise of unionism: (a) the emergence of a specialized staff solely concerned with labor relations problems, and (b) the adoption of explicit policies designed to lay down lines of action in the wide range of questions—such as discipline, transfers and promotions, compensation and grievance procedures—that arise under collective bargaining. Large-scale managements quickly learned that they needed full time staffs to follow industrial relations developments and to engage in collective bargaining and grievance handling with union representatives who devoted full time to this specialty.

Managements have been slower to learn that long run policies and explicit administrative procedures are essential to industrial relations, that improvising and expediency may avoid an untimely strike, but they tend to lead to lack of control over costs and to whipsaw-tactics and pressure on the part of the union.

But a specialized industrial relations staff and policies are not the real source of the transformation in management. It is rather the grappling with the problems that then arise in coordinating the new staff with other policies. There is hardly an internal managerial relationship, horizontally or vertically, that is left intact, and there is scarcely a policy that is not re-examined under the impact of this new institution, literally within the cell walls of the enterprise.

It is well known that there is no uniform relation today between line and staff in industrial enterprises. In some cases the line administers all labor relations policies and the staff is purely advisory in the classical textbook fashion, while in other instances the staff has operating responsibility for all labor relations decisions including incentive rates, transfers and all grievances. The Brookings study by professors Slichter, Healy and Livernash concludes, on the basis of their extensive field work, that line and staff coordination, cooperation, teamwork or mutual help is indispensable to successful industrial relations. All practitioners of industrial relations have seen instances when conflicts and frictions between line and staff at the plant level over the setting of incentive rates, the extent to which foremen may work, the application of discipline standards, or the conflicts between plant levels and the home office have been the source of many grievances and have encouraged union pressures to force a problem to the most favorable point, from its point of view, in the management hierarchy. There is no mechanistic solution to the line-staff problems within management; there must be coordination and consensus to achieve economic objectives and stable relations with a union.

The transformation in substantive decision-making is no less significant than the changes in the internal structure of management. Industrial relations policies are highly interdependent with the full range of other decisions as the following questions indicate. Shall the company make a concession in a wildcat strike to furnish orders for an important customer? What margin in capacity and in inventories shall the company establish in view of its labor relations? What shall the company say to prospective investors about labor costs and

efficiency since unions and employees also have ears? What shall the company say in its public relations program about its contract differences with the union? These questions indicate that industrial relations issues ramify throughout the full range of managerial decisions. Industrial relations policies affect all other policies. Despite the reserve power to make decisions at the very top—to resolve conflict among various subordinate staffs—final decisions within the enterprise typically involve a consensus.

These adjustments in business structure and policies have tended to produce an improvement in management organization, superior in the sense that it tends to operate by reference to policies, it is less addicted to slogans and platitudes, it is more adaptable and geared to change in market conditions and to changes in the community, it recognizes that internally and externally persuasion is more effective in the long run than the mere assertion of rights, and it places top priority in management upon coordination and organization building and executive development. The unions have played no small role in the vast improvement in enterprise management in the United States. But it is still true as Professor Slichter said that “By and large, the top executives of American enterprises have rather limited familiarity with problems of industrial relations. . . . Progress is being made. . . . Nevertheless, this interest is far less than it should be in view of the enormous possibilities of saving capital expenditures simply by improving employee-management relations.”

These developments within the industrial enterprise are to be contrasted sharply with what has been happening at the confederation level of American management—the National Association of Manufacturers and the Chamber of Commerce. In referring specifically to the policy statements of the N.A.M. issued in 1903, 1936 and 1955, professors Douglass V. Brown and Charles A. Myers at the annual meetings in 1956 said that one would be tempted to conclude “. . . that changes, if any, in philosophy toward unionism had been relatively minor.” They observed that “. . . it is still the fashion, as it was thirty or more years ago, to concede that employees have the right to organize or not to organize. It is still the fashion, as it was earlier, to deny opposition to unions as such; only ‘bad unions’, ‘labor monopolies’, or ‘unions that abuse their power’ are formally beyond the pale. It is still the fashion to insist that unions be held legally responsible for their actions.” What was true in 1956 is still true of the 1960 edition of the N.A.M.’s *Industry Believes*.

How is one to account for the contrast between the adaptability of management in enterprises and its intransigence at the confederation level? The contrast is the more striking when it is reported that over half the directorate of the N.A.M. come from companies with collective bargaining agreements. Perhaps the explanation lies partly in the fact governments are not the only organizations which have both state departments and war departments. Perhaps, the posture has been frozen for many years and an older era is perpetuated. Perhaps these confederations attract as active members managements militant in their concern to stop the spread of unionism. These factors may play a role, but there are more fundamental reasons.

The pronouncements of the N.A.M. and Chamber are slogans; they never have to confront the reality of the industrial work place; the consequences of the statements of policy are in the political sphere rather than measured in production and in costs. They resemble the initial demands of one party in collective bargaining rather than a negotiated settlement or a realistic compromise. They are on a par with many resolutions for legislation passed at AFL-CIO conventions. If the confederation level of American management were engaged in collective bargaining, as the SAF in Sweden, the actions of American enterprise management and policy pronouncements of the N.A.M. and Chamber might be more consonant. No enterprise is bound by the pronouncements, and so no one has to take their consequences in the practical sphere of the management of a work force.

These pronouncements do not represent the best practice of American management, nor even the average among larger industrial enterprises; rather, they are formal positions oriented toward political activity. By the practice of enterprise management in the United States, these pronouncements do not reflect any consensus of industrial relations policies. They do not even represent the self-interest of management. For instance, the call for the repeal of the Davis-Bacon Act, confined solely to the construction industry, does not have the support of a single national association of contractors.

The industrial relations system of the United States suffers from the unreality of the confederation level of management. The vigor, imagination and leadership of the enterprise level has no counterpart at the confederation level. I venture the view that until the confederation level of management is transformed, to reflect more faithfully the experience of industrial enterprises, management as a whole will not exercise its potential role in the industrial relations policies of

the community, and the government will continue to extend further its role in the regulation of labor-management relations. Industrial management at the enterprise level in the past decade has shown itself well capable to develop policies to protect its competitive positions and to enhance efficiency within the framework of collective bargaining. There is every reason to expect that it could do as well at the confederation level. The first requirement to achieve a national labor policy by consent is to transform the confederation level of management to reflect more faithfully the experience of enterprise management.

#### THE ALTERNATIVE OF CONSENSUS

The theme of the preceding three sections has been that our national industrial relations system suffers from seeking solutions to problems in terms of legislation and litigation, formal arbitration and public pronouncements. This malady alike afflicts national governmental policy, the labor federation, and the confederation level of management. The common difficulty in its essence is a failure to develop a consensus within government, the labor movement, or management. The consequence is resort to partisan legislation and litigation and the ascendancy of the politicians in national industrial relations policy. An alternative policy is reliance, to a greater degree, upon the development of consensus.

Greater reliance upon consensus is particularly appropriate since the range of industrial relations problems has become increasingly technical, and uniform rules across wide reaches of the economy are impractical in many cases. Moreover, in our society rules and policies which have been formulated by those directly affected are likely to receive greater respect and compliance than when imposed by fiat. The rapidly changing circumstances of technology and markets require greater reliance on consensus since those most directly affected are more sensitive to such change, and adaptation can be more gradual than that imposed belatedly from without. Consensus develops habits of mind which encourage continuing adaptation to new circumstances.

The method of consensus is admittedly difficult to apply; it is so much easier simply to pass another law, or issue another decision or another resolution. The achievement of consensus is often a frustrating process since it must triumph over inertia, suspicion, and the warpath. It is slow to build. But it is clearly the most satisfying

and enduring solution to problems. It always has significant by-products in improved understanding in many other spheres than those related to the consensus.

The most fundamental feature of consensus building is that it requires or creates leadership devoted to mediating among followers, a leadership which seeks to explain problems and sell solutions rather than merely to impose a solution by sheer power or to rail against a decision from without.

An industrial society requires a considerably greater measure of consensus on industrial relations problems than we have. The present course is set toward an unending sequence of legislative regulation, litigation, and political pronouncement. The community has a right to expect more from organized labor, confederation levels of management, and government agencies. Indeed, a shift in the method of national policymaking in the industrial relations area is required if labor and management are to make their potential contributions to the larger problems facing the community. The place to begin is to resolve that the method of consensus will be used internally in reaching decisions within the federation and confederation levels of management and in the formulation and administration of governmental policies. This is the fundamental challenge—in my view—of the next four or ten years in industrial relations in the United States.



**Part II**

**PUBLIC REGULATION OF  
COLLECTIVE BARGAINING AND  
UNION GOVERNMENT  
IN OPERATION**

# THE IMPACT OF SOME NLRB DECISIONS

DOUGLASS V. BROWN

*Massachusetts Institute of Technology*

Even though it has been considerably watered down from its original version, the present title of this paper still carries with it a connotation that may well be misleading and that certainly is over-ambitious. A more descriptive title might have been "A Study in Frustration." At the outset, therefore, the reader should be put on notice that he can expect little or nothing in the way of substantive conclusions.

This paper, in short, will be merely an effort to describe a very modest and very fragmentary attempt at empirical research. The emphasis will be on the difficulties encountered rather than on the substantive questions raised. To the extent that the latter are touched upon at all, the discussion will be in terms of tentative hypothesis which may be worthwhile testing in more than thorough investigations.

## I

The impetus for the research activity to be reported upon here was derived largely from my own personal compulsions, which I would like to believe reflect considerations of broader significance. For many years I have been plagued by the uneasy feeling that, while I was ready at the drop of a hat to make pronouncements on desirable public policy in the area of labor-management relations, I was woefully ignorant of the actual impact of existing policies, let alone of policies as yet untried. I have even suspected from time to time that some of my colleagues may have suffered from some of the same limitations.

What, in fact, do we know about what happens after an order of a court or an administrative agency has been duly issued? Does Joe Blow, upon whom the NLRB has put its *imprimatur* in the form of a reinstatement order, actually return to work on his former job? If he does, does he stay on the job, or is he eased out in one way or another? If he does stay on the job, what happens to him, and what happens to those with or for whom he works? When the National Gadget Company is directed to bargain with the union of its employees, is the result one big happy family? Does a cease and desist order in a secondary boycott actually result in cessation? Are there

other repercussions? In a broader vein, what proportion of cases of the kinds with which the law is designed to deal are actually brought to the attention of the law? Why, or why not?

A search of the literature revealed an almost complete dearth of studies throwing any light on the answers to questions such as these, at least in the area encompassed by the Wagner and Taft-Hartley Acts. Indeed, I am aware of only two studies that may be described as directly relevant. The first is the study that was carried out by Professor Emily C. Brown for the NLRB in the early 1940's.<sup>1</sup> For quite understandable reasons, this study did not have quite the focus that is here envisaged. The second study is an unpublished M.I.T. doctoral dissertation.<sup>2</sup> Mention should also be made of the study by Frederic Myers in the area of state right-to-work laws.<sup>3</sup>

Confirmation of the lack of empirical research in this area was offered some four years ago. Bernard Samoff, of the Philadelphia Regional Staff of the NLRB, in an article urging that such research be undertaken,<sup>4</sup> found nothing but the Brown-NLRB study, to which reference has been made. Mr. Samoff is currently engaged in field research on the impact of NLRB decisions, but his results will presumably not be available for some time.

## II

The research upon which this paper reports stems, therefore, from a background of (1) an interest in finding answers to the sorts of questions suggested earlier, and (2) an inability to find answers to these questions in the literature.

The vehicle through which the research was carried out was a graduate research seminar in the Graduate School of Business of the University of Chicago. In each of two academic quarters during 1960, six students were enrolled in the seminar. (In all, eight students participated, four being enrolled in both quarters.) Working on particular cases in teams of three, the students carried out the field work and reported their findings.

<sup>1</sup>*Studies of the Results of National Labor Relations Board Activities: A Summary of Operations Analysis, 1942-1944.* U. S. Government Printing Office, Washington, 1946.

<sup>2</sup>Robert W. Pullen, *The Effect on Collective Bargaining of Unfair Labor Practice Cases under the Wagner Act*, 1949.

<sup>3</sup>"Effects of 'Right-to-work' Laws: A Study of the Texas Act," *Industrial and Labor Relations Review*, Vol. 9, October 1955, pp. 77-84.

<sup>4</sup>"Research on National Labor Relations Board Decisions," *Industrial and Labor Relations Review*, Vol. 10, October 1956, pp. 108-117.

The cases selected for study were chosen on the basis of the following criteria:

1. There was a formal order of the Board in the case. (This criterion was relaxed to the extent of including two cases in which there was a formal written settlement agreement.)
2. The Board's order included a directive to the employer to reinstate one or more employees.
3. The cases were closed, so far as Board action was concerned, within a period of three years before the research was begun.
4. The employer was located in Chicago.

The first criterion was adopted on the assumption that cases that went to the stage of formal order would represent the "knottier" cases and would perhaps, for that reason, reflect more homogeneous circumstances. The second criterion was adopted in order to limit the focus. Through limiting the period of elapsed time, it was hoped that the problem of fading memory would be minimized. The fourth criterion was dictated by practical necessity.

In all, nine cases were found that met these criteria. It will soon be clear, however, that the number of cases that were "useable" was far less than this figure. Indeed, it is doubtful that any one of the cases can be so classified if the test is the degree of confidence we can place in our answers to the principal questions in which we were interested.

These questions were of the following nature: Did the person for whom reinstatement was ordered actually return to the job? If not, why not? If so, how long did he remain in the employ of the company? What differences, if any, could be discerned in his treatment by the company and in his treatment of the company? What was his status with respect to his fellow employees? What effects, if any, did the processing of the case and its outcome have on the personnel approach and activities of the company? What identifiable effects were there on the general atmosphere of labor-management relations?

In planning the research, we hoped to be able to interview all or most of the important participants in the cases. We were under no illusions that if we were successful in doing this, the "truth" would automatically shake itself out. We looked upon comprehensive coverage as a necessary rather than a sufficient condition for moving toward a firm understanding of the situation. To the extent that we were

unable to carry out our intentions in this respect, any conclusions we might draw would be highly suspect.

In a moment I shall illustrate the difficulties that were encountered in our efforts to talk with the parties and their representatives. First, however, let me say a word about the relation of the staff of the NLRB to this inquiry.

We had the impression that those members of the staff with whom we talked were sympathetic to the purpose of our study. On the other hand, they were obviously beset by the pressures of getting their immediate job done, and it was clear that we could not impose upon them. Accordingly, we were not able to interview staff members intimately acquainted with the cases under study, and we were deprived of the insights and leads that such interviews almost certainly would have yielded.

Our limited success in securing interviews with management and union representatives and with employees who were participants in the cases rests upon causes not related to the pressure of other business.

Since our cases all involved charges of discrimination on the part of the company, the reluctance of management representatives to talk about the cases was not unexpected.<sup>5</sup> We had, however, seriously underestimated the extent of the reluctance. In only one case were persons active in the management willing to be interviewed. (Honesty compels me to add that in this case there is some reason to believe that the purpose of our inquiry may not have been completely understood.) In two cases, including the one just mentioned, attorneys for the companies were interviewed. In one of these, the interview was unfruitful, either because the attorney was evasive or because he was not familiar with the facts. In the other, an almost casual comment in the course of the interview negated completely the principal point upon which the company had rested its defense at the hearing.

If we had underestimated the difficulties of management interviews, so had we also underestimated the difficulties involved in "getting the union's side of the story." Here the problem was not so much one of reluctance to talk, as it was of finding the person who was qualified to talk. In one case, to be sure, there were grounds to

<sup>5</sup>As a sideline, one case involving charges of discrimination by a union was looked into. In this case, the union "refused to talk."

suspect that profession of ignorance may have been a cloak for reluctance associated with the fact that the union had lost the representation election subsequent to the unfair labor practice charge. And in one other case, both union and management representatives were unwilling to talk because the case was pending in the courts. And in still another case, the representatives of an independent union, after initially agreeing to an interview, later declined "after talking with management." But, by and large, the major difficulty in achieving fruitful interview material from the unions arose from the fact of turnover in union personnel. In a number of cases, the personnel who had been actively involved had moved elsewhere and the present incumbents professed (apparently genuinely) ignorance of the case. In this connection, it might be added that in most of the unions involved in our cases, there was evidence that the relevant "records" were more likely to be mental than written.

If our meager experience were worthy of extrapolation, it might be concluded that employees involved in reinstatement cases fall into two broad categories: those who are eager to talk about their experiences, and those who simply cannot be located. Part of the difficulty in locating these individuals stemmed from the unwillingness or inability of managements and unions to cooperate. But part of it seemed to be associated with what appeared to be socio-economic characteristics of the individuals or of the groups from which they were drawn. Typically, so far as we could tell, they were characterized by high rates of turnover, with respect both to employment and to place of residence. Typically, the companies in which they were employed had high rates of labor turnover and low wage scales. Typically, the employees had no telephones. Preponderantly, the employees whom we were able to identify came from minority groups. In any event, in only a minority of our cases were we able to track down the employees directly involved.

### III

This recital of difficulties, together with the smallness of the number of cases in which investigation was even attempted, should make it abundantly clear that it is impossible to draw substantive conclusions from the study. Even with respect to our limited sample, we do not know, nor can we infer, the answers to our original questions.

We do not even know how many individuals involved actually

returned to work after the reinstatement orders. We know that some did, and some did not.

We know that one employee who returned to her job left it again after less than a month. According to the company, she left because she was "recalled to a better job." But, also according to the company, had she waited a week longer, she would have been eligible for two weeks of vacation pay. In this case, we were unable to locate the employee, the union had lost the election, and the union personnel had changed. On the other hand, we know of one individual who has continued on the job for several years with no worries in a situation in which a Board order to the company to bargain collectively and a court decree enforcing this order have as yet failed to produce a contract.

One other illustration may be interesting, if not informative. An individual was reinstated as the result of a case processed by the then-incumbent union. Prior to his dismissal, he had been actively, though covertly, trying to organize the plant on behalf of a rival union, which has since taken over the bargaining rights. Since his reinstatement, he has progressed steadily to the point where he now has one of the highest-paying jobs in the unit. Concurrently, his interest in the union and his activities in behalf of it have dwindled virtually to zero.

These illustrations could be supplemented, but they would still not add up to a clear picture that would enable us to offer even tentative answers to our questions.

#### IV

Even if one has no conclusions to offer, he may still not be debarred from speculations, provided they are clearly labelled as speculations. The following remarks are intended as just that.

One view of the legal process in this area would be that governmental agencies become cognizant of offenses against public policy, that individuals are made whole, and that the ensuing course of action is in conformity with public policy. A contrary view would hold that the agencies become cognizant of only those situations which others deem politic to bring to their attention, that the actions taken are sufficient neither to deter offenses nor to effectuate restitution, and that the future course of events is determined less by the formal actions than by the realities of the situation.

It is possible that both views are correct, if we are able to specify

the period of time and the particular circumstances to which we are referring. It is possible, for example, that public policy becomes less effective (or, conversely, private situations become more compelling) as we move from the more salient situations to those less in the limelight. It is possible also that there are diminishing returns to the application of public policy for another reason: the decline in the "stigmatic" effect as we move into less prominent circles.

If we move from speculation on such a broad scale into more specific hypotheses, it may be possible to suggest a few "sub-speculations." The fact that these are stated dogmatically should delude no one into accepting their validity. They should be read merely as hypotheses which may or may not be verifiable in the period ahead.

1. "Strong" unions increasingly rely upon their strength, rather than upon the procedures provided by public policy. (One case included in our study is interesting in this respect. In a situation where the bargaining agent was a union which prides itself on direct action, the charge was initiated by an individual employee. The union, perhaps as a face-saving measure, then became the prime mover, and reinstatement was ultimately directed. This was one of the employees we could not locate. The union "didn't know what had happened to him.")
2. Where a union is in a "weak" situation, the legal remedies are likely to be ineffective in redressing the situation. (One union official stated that if the union had lost the election or if it were otherwise handicapped, the reinstated employee would be advised not to return to work.)
3. Where the overriding issue is "union or no union," the deterrent effects of awards of back pay are negligible. However important such awards may be to individual employees, they do not bulk large in the calculus of the employer's strategy.
4. The effectiveness of public policy is likely to depend upon the relative strength of the constraints of the product market, on the one hand, and of the "public image" the employer feels called upon to create, on the other. Where, as in many of our cases, the former appear to be predominant, public policy may be difficult to implement.
5. These four sub-speculations may all be related to another consideration. The effectiveness of public policy may be most importantly related to the tightness or looseness of the labor market in the particular situation.

Even with respect to the narrow area in which the present inquiry was carried out, one cannot be sure whether or not these speculations have merit. The mere fact of uncertainty, however, suggests that further inquiry and more definitive answers would be useful, and perhaps even essential, as guides to public policy.

It is tempting to roam further afield and indulge in analogous speculations with respect to other substantive areas. How effective, for example, can we expect public policy to be in compelling a party to engage in genuine collective bargaining if it is determined not to comply? In one of our cases, as already mentioned, the union has tried unsuccessfully to get a contract for several years, in spite of orders from both the Board and a court. Nor was the union optimistic about its future chances. In answer to our crass question, "Why don't you strike the company?," the union had a simple reply: "They'd be able to replace every employee tomorrow morning.") Are we, by any chance, deluding ourselves if we believe that legislative and administrative pressures, unbuttressed by or actually contrary to other pressures, can alter people's intentions?

Do we know what is happening with respect to secondary boycotts? Is it possible that the most flagrant cases are those that are least likely to be brought to the attention of the authorities, because of the imbalance of power in the situation? Is it possible that, in those cases where remedial action is taken, the effectiveness of the action is primarily determined by the context of the situation rather than by the formal action? If we do not know the answers to these questions, should we be making efforts to find them out?

## V

Our inquiry has suggested another area of speculation and possible future investigation that cuts across substantive lines. This is the area of "delay" in the administrative and judicial process.

It seems to be generally held that delays impede the effectiveness of the process. On this point itself, we have all too little evidence. We have probably even less evidence on the extent to which the delays are inevitable in any process that involves courts and administrative agencies and the extent to which particular legislation and regulations permit or invite the parties to manufacture delays when they are suited to their purposes.

Again, our study provides no answer to this question. It does suggest, however, that a more thorough inquiry might reveal pro-

cedural areas in which alterations would contribute to minimizing delays, if this is deemed desirable. Areas such as the timing of elections, the interposition of charges, or the withdrawal of charges are among those that suggest themselves for consideration. The focus, once more, would be upon the actual impact and its relation to the goals of public policy.

## VI

There remains for brief discussion one further question: Is it possible to carry out empirical research that will provide, if not answers, at least sufficiently convincing clues to answers, to the sorts of questions that have been raised here?

One cannot, I think, be certain on this point. The area is a sensitive one, and there are bound to be obstructions to investigation in depth. On the other hand, it would be inappropriate to conclude from the meager results of the present inquiry that a more systematic and more thoroughgoing project would be fruitless.

If such a project is to be successful, our experience suggests certain prerequisites that would have to be met. Resources should be adequate to permit, at least in the first instance, an approach to a large sample of cases. The staff conducting the study should be free of other commitments. Pre-salesmanship, in the sense of enlisting the support of various organizations, might be helpful in easing the path of the investigators. Active cooperation of the NLRB and its staff would almost certainly be essential. Given these conditions, the project might well yield valuable pay dirt. In my judgment, it would be a gamble worth taking.

# THE PRACTICAL IMPACT OF THE NEW LAW

ROBERT J. CONNERTON

*Assistant to the General Counsel  
International Hod Carriers' Building and Common Laborers' Union*

At this stage, little more than a year after the Labor-Management Reporting and Disclosure Act of 1959 became the law of the land, there is not yet available sufficient evidence to predict the long term effects of the Act upon the trade union movement.

The Act is not, primarily, self-actuating. The recruitment of a large staff, the establishment of the Bureau of Labor-Management Reports, the formulation of policy and procedures for the Bureau and other affected governmental bodies, the selection of appropriate cases for litigation, and the communication of information are conditions precedent to bringing to bear the thrust of the statute.

This process entails a considerable length of time. For example, it was well over a year after the passage of the Taft-Hartley Act before its impact was felt by the trade unions. Here, with a more comprehensive and cumbersome statute, charting new courses in the sea of national labor policy, it could reasonably be anticipated that resolution of these mechanical and administrative problems would entail a much longer period of time. In fact, these interdependent activities were just beginning to mesh at the time of the national election. With a new Administration, existing policies and procedures will be subject to review. Further, the courts will ultimately determine the Act's metes and bounds.

In this setting, rather than adopt an esoteric manner reminiscent of the Oracle at Delphi, the writer shall concentrate on the topics of small Local Unions and Elections where some basic data is already at hand, to indicate the initial impact of the Act in these areas and project, if possible, the longer term effects of the statutory provisions.

## A. SMALL LOCAL UNIONS

Within the structure of the national trade unions, small local unions constitute the largest portion of affiliated local bodies.<sup>1</sup>

<sup>1</sup>Of labor organizations submitting Labor Organization Financial Reports, thru June 30, 1960, 26,891 Form LM-3's were received in contrast to 10,957 Form LM-2's. See *A Report of the Bureau of Labor-Management Reports—Fiscal Year 1960*, Table 1, P. 22.

For purposes of this paper, a small local union could be defined as one possessing an average annual paid membership ranging from ten to two hundred persons.

As a general rule, the officers<sup>2</sup> of these organizations fulfill their union duties after working hours without remuneration. In some cases, the principal functioning officer serves the local union on a part-time basis, and is compensated for time expended in accordance with the prevailing contractual wage. Occasionally, in certain industries, where local conditions require the services of a full-time official, the local union by establishing a higher dues structure, setting a modest salary, and living within a tight budget, retains a full-time functioning officer.

There is little competition for office. In the best of times, these local unions encounter considerable difficulty in finding in their ranks competent, responsible members, who are willing to and can, in fact, effectively represent the economic interest of their fellow members. Once such a member has been persuaded to assume the office, and recognizes the time, effort and sacrifice required, with the paucity of tangible rewards, continuous efforts must be initiated by members to retain his services. The union might maintain a small office or share an office with another Union or a central body, but as often as not, the home of the principal functioning officer serves as the local's office.

These local unions ordinarily are found outside large metropolitan areas. Their members usually know each other well. Their officers possess little formal education. Their bookkeeping methods are primitive. Union meetings and other activities are conducted without regard to applicable constitutional provisions on procedural matters. In short, the union functions by common sense in a pragmatic manner, following unwritten rules, customs and make-shift procedures. Yet, in the real sense, they have been a true bulwark of the democratic spirit.

They have been characterized as a "handful of fellows who need help on everything." Grave difficulties were encountered in bringing these local unions in compliance with the Taft-Hartley Act. In approximately three cases out of four, representatives of the national unions were required to virtually lead the responsible officials by the hand in order to complete the necessary forms. Even today, many

<sup>2</sup>Local Unions ordinarily have about ten constitutional officers.

officers are only vaguely aware of the existence of the Taft-Hartley Act, let alone its provisions or what constitutes a violation thereof. They continuously live outside its pale and violate its provisions almost daily for lack of knowledge.

Here, however, in addition to the other methods of publicity, the Act was, by its terms, promulgated verbatim.

The Act has created more crimes, and many sweeping crimes at that, than virtually any other statute in the history of mankind. These officers and members simply do not understand, and cannot understand the Act, its subtleties, its distinctions or its infinite variations. All they visualize are the detailed regulations, the paper work, and the criminal provisions. Their first acquaintance with the Act had an overwhelming effect upon many of these officers, for shortly after its passage and promulgation, a fairly substantial number resigned. A number of smaller local unions rather than complete the pertinent forms, returned their charters to national unions. Further, as a direct result thereof, it has become increasingly difficult in these local unions to persuade capable and responsible members to run for office. Always, the ostensible reasons boil down to their family obligations and the risk not being worth it. Again, the resulting increased *turnover* of these officials has made the task of basic education even more difficult, if not impossible. Further, the Act has, in fact, imposed an additional qualification. Office tenure now demands competence in following formal requirements of constitutions, by-laws, and the Act, its regulations, interpretations, etc. This additional qualification has, in effect, disqualified a number of prospective officeholders who were otherwise competent and responsible, and able to effectively represent the interest of employees in the collective bargaining arena.

Reports from smaller local unions indicate that many offices now are going unfilled for lack of candidates. How this breach of the basic statutory mandate can be effectively remedied poses an interesting inquiry.

The Act has compelled small local unions to retain services never utilized before, such as those of a certified public accountant and an attorney. These services and other additional expenditures, such as clerical, bonding and election expenses, entailed by the Act, have sharply increased the cost of operating these marginal local unions, and have already compelled many of these unions to raise their dues structure or levy assessments, to the breaking point.

Many mergers or amalgamations have occurred already, and many others are in the process of negotiation. The prohibitive costs will discourage the birth of small locals. The Act will sharply accelerate the trend to fewer but larger local unions, with much the same result as consolidated school districts. For only a large local union, with a sufficient membership base to pro-rate the costs of the increased services, can possibly operate along the Act's periphery. Perhaps, as some commentators point out, this elimination of "marginal" locals would come to pass in the long run in any event, and is endemic to our system as such. But such a result militates against the statutory ideal of increased membership participation in the affairs of trade unions. Experience shows that almost as an "iron law" one can postulate that the larger the group, the smaller percentage of membership participation. Here, in addition, most members of these defunct unions, simply will not travel long distances, after working all day, to the seat of the consolidated Local to attend meetings, or to otherwise participate in its affairs, despite federal encouragement of their right to do so.

#### UNION ELECTIONS

Proponents of the Act recognized that the ultimate realization of its objectives hinged on union elections. The election provisions have their genesis in the McClellan Committee's interim report which proposed that federal legislation be enacted to guarantee union members a right to elect their officers periodically by secret ballot. This fundamental concept constituted an integral part of the AFL-CIO Codes of Ethical Practices, and virtually all union constitutions.

This laudable objective was beyond doubt the most non-controversial in the Act. However, in an effort to establish certain uniform rights, and promote the integrity of Union elections, while preserving existing rights and procedures within Unions, the original proposals were drastically expanded.

As enacted, this synthesis:

- I. Regulated minute details of the election process.
- II. Enveloped this area with novel, sweeping and vague generalizations.
- III. Obligated each union to rigorously adhere to its private constitution and by-laws where not inconsistent with the Act, and

- IV. Reposed enforcement of these public and private obligations in formal legal action, initiated by the Secretary of Labor, upon the complaint of any member.<sup>3</sup>

Since the Act's passage, most Unions have revised their Constitutions to conform with the statutory prescription. Few labor organizations were required to add to or amend the substantive provisions of their Constitutions, except to restrict the maximum term for which a local union could elect its officers from five or four years to three.<sup>4</sup> In the main, detailed procedural changes were necessitated, such as requiring a secret ballot even where all candidates for office were unopposed, or permitting all candidates for office, rather than just candidates for salaried offices, to have a watcher.

In a very few instances, members previously deprived of the voting privileges, without reasonable justification, were declared eligible to vote. Generally, more attention and care have been devoted to the election process by unions. However, these salutary consequences have been more than counterbalanced, by the manner in which the Act's provisions, as initially applied, have produced a state of chaos and confusion, have placed the entire election procedures of unions in jeopardy, and threaten to bog down most union elections.

In view of the seven recent suits instituted by the Labor Department, analysis of a specific case may serve to portray its interpretation and enforcement.

A medium-sized local union conducted an election. The incumbent officers ran as a slate, and, as in past elections, an opposing slate was nominated. A full, vigorous and open campaign ensued with each slate having campaign managers, programs, etc. Representatives of both slates met with the union's Judges of Election, and agreed upon the procedure to be followed during the course of the election. Two of the watchers for the opposition slate checked each man as he arrived to vote, and wrote down either his name or book

<sup>3</sup> Once an election has transpired, a member first must invoke internal administrative remedies, for a three-month period. Thereafter, if the member has not received, or is dissatisfied with a final internal decision, he may appeal to the Secretary of Labor who "shall investigate such complaint and if he finds probable cause to believe a violation of the statute has occurred, and has not been remedied, shall institute a civil action within 60 days against the labor organization."

<sup>4</sup> The legal maximum is rapidly becoming the prevailing minimum. Local Unions are now setting three year terms, rather than the previous customary one or two years.

number, in order to double check his standing with National Headquarters, if necessary. The local union ballots were *numbered*. The opposition slate was defeated by approximately two to one. They protested the election to the national union. A hearings panel of its governing body quickly held a full and complete hearing. Both sides made appearances and entered lengthy statements. A court stenographic record was taken. The appellant alleged that:

1. Some members were permitted to vote twice.
2. Members were permitted to vote, who did not have their membership books stamped, as required by the Constitution.

No mention was made of *numbered* ballots.

The Panel found; (1) that no member had voted twice, but that a few members who did vote had identical book numbers, because "travelers" maintained their old book numbers, upon transferring, and; (2) that while members were permitted to vote without having their dues books, nevertheless, positive identification was required and adequate safeguards had been adopted to prevent members from voting twice. The governing body met, and after further discussion and review, denied the appeal, within the requisite 90-day period.

An appeal was then lodged by the defeated slate (apparently) with the Secretary of Labor. What grounds—if any—were alleged therein are unknown.

Without informing the national union, the Bureau Regional Office commenced, *ab initio*, a sweeping investigation of the entire election process. Shortly before the expiration of the statutory sixty-day period, the entire national union's file, including the transcript, was made available, upon request, for inspection by its agents. Apparently, after review, no fault was found with the decision rendered by the union's governing body on the basis of the record before it. Nor was mention made of any purported violation discovered by the investigation, nor was the national union accorded an opportunity to redress any alleged violation.

In fact, the decision may already have been taken to initiate a suit, for within the next day or so, an action was brought against the local. For the first time, the national union was acquainted with the numbered ballots.

(1) The Department reads the Act as imposing a *procedural* rather than a *substantive* exhaustion of remedies requirement. Here, e.g., though the information was available to the appellants at all

times, there was no mention in the union hearing of numbered ballots. Thus, the statutory test of exhaustion is apparently satisfied with the mere writing of a letter by any member to his national union stating, "I protest the election held in Local Union X last week." Thus, the statutory exhaustion requirement only requires notice of intention to sue unless an undisclosed condition is remedied within ninety days.

Elaborate internal appellate procedures prevail in most unions, which expend an enormous amount of time, money and effort therein. The "procedural" view makes union self-government, its judicial process and the "exhaustion" requirement a practical nullity and a mockery. National unions cannot afford to conduct elaborate but useless proceedings in election cases, only to find their hearings ignored, and their prestige undercut, by a record founded upon a separate and distinct *de novo* investigation without any limitation. They will simply refuse to process election protests.

(2) The suit charges that the local union violated *its* Constitution by permitting members, who did not have their membership books stamped, to vote.<sup>5</sup>

The Act has literally incorporated all unions' constitutions into the law of the land. There are thousands upon thousands of these constitutions, and millions of bylaws and resulting resolutions. The established election procedures are many and varied. Most Unions possess long histories of written laws, policies, customs, practices and traditions shaped on the anvil of life by continuous decision making to meet specific problems confronting the organizations and their members. This role of setting, directing and implementing internal unions' policies, has been transferred to a Bureau and ultimately the Courts. Completely apart from the propriety of transferring this role to a governmental body, we reach the more pertinent standard here of their competency, as distinguished from that of the officials of the labor organizations, to do so.

This issue had been raised, *supra*, before the national union. Actually, members, who did not have their books were permitted to vote, upon the decision of the Election Judges, provided they could submit positive identification, and the Secretary in turn stamped his record to indicate that the man had voted. Aside from whether the con-

<sup>5</sup> The union's constitution provided that "the Secretary shall stamp or mark the due book of each member as he gives him a ballot to show that he has voted."

stitutional requirement, if read literally, conflicts with the "right to vote" recited in Titles I and IV of the Act itself, the governing body of the national union had been confronted with the identical problem on numerous occasions over many years and always maintained the position that the substantive right of every member, under the constitution, to vote, was *controlling*. Its policy was posited upon the premise that the provision was intended to prevent a person from voting twice; but that a member should not be deprived of his right to vote because he had lost or mislaid his book, provided that the local union took adequate precautions to insure against the possibility of such a person voting twice. Ironically, prior to the previous election in the same local, it presented the identical question to the national union for resolution, and was advised in accordance with its established judicial policy.

The person or persons preparing the complaint knew absolutely nothing of this long history on this problem in this particular union. Nor could they reasonably be expected to know. Yet, the effect of operating in this practical vacuum while charged with protecting and enforcing the union's laws, leads to disenfranchising many members who, prior to the Act's passage, were entitled to vote. It is an anomalous result indeed, when in the name of a statute enacted to promote the voting privilege, many members are deprived of their right to vote.

Further, the suit is premised upon the additional allegations that the local union violated the Act: (a) by failing to draw up a list of eligible voters, but (b) permitted the Financial Secretary, who himself was a candidate for office, to determine the eligibility of prospective voters.

A. There is no allegation that any member was denied the right to vote. In point of fact, under the union's constitution, no final eligibility list could be drafted prior to voting. Eligibility to vote is determined solely by "good standing" in this union, which means membership. When a member comes in to vote, the Financial Secretary checks his financial records. The Act is purely a ministerial function. If the examination reveals that the member has fallen behind in paying his dues, he is afforded the opportunity of doing so, and becoming eligible to vote. The necessity for preparing an advance eligibility list would again result in a diminution of voting privileges.

B. Only the Financial Secretary is in a position to determine who is eligible to vote. He is charged with the responsibility for

the financial records of the union by his constitution and the Act. He is the official who must determine daily the standing of the members. The fact that he may be a candidate for reelection does not change the law or the realities one bit.

Also, the local was charged with failing to provide "adequate safeguards" because the Financial Secretary, by virtue of his office had access to numerous dues books of members. The Financial Secretary has access to membership books either when (a) the book of a new member is mailed from national headquarters, or (b) when a member pays his dues by mail. Apparently, the procedure of registering new members and permitting dues to be paid by mail must be prohibited during an election period.

In this area there is no pretense at administrative "expertise." Suddenly, within a sixty-day statutory limitation, a bureau operating in a void of knowledge cannot be expected to understand the dynamics of diverse situations, even by the most legal analysis of and exegesis on the terms of thousands of union constitutions and bylaws.

(3) The effect of this case must be magnified a *thousandfold*. Since the local union operates pursuant to a uniform constitution binding on approximately one thousand affiliates, if, e.g., it is unlawful to permit members to vote without stamping their books, or failing to draw up an eligibility list prior to the election, or permitting the Financial Secretary to "determine eligibility" this means that every election conducted over the United States by affiliates of this national union—over 400 in 1959 (even disregarding untold affiliates of other national unions with similar provisions) was improper and unlawful, and subject to be set aside, since who can foresee what "may have affected the outcome of an election" may ultimately be determined to mean.

(4) A union is prone to be trapped in its own constitutional web, in direct proportion to the rights enumerated and procedures detailed in its law. Now, if a formal as distinguished from a substantive provision is contained in a union's constitution or bylaws, which is a throwback to a time seventy-five years ago when some union members met clandestinely in cellars it must be followed ritualistically if not in conflict with the other requirements of the Act, even though it is impractical or impossible, and has not been followed in practice for a half century. Custom and practice account for absolutely nothing. Unions have no other recourse but to tighten-up their election

procedures to constrict the area of danger. These restrictive union procedures, will result in further wholesale diminution of voting rights, e.g., most unions do not have the money to hire "armored cars" or watchers to adequately safeguard the transportation of ballot boxes to remote construction sites, to permit members who would not otherwise be able, to vote.

The end result is to circumscribe the power to give due regard to the equities and practical necessities involved in order to obtain substantial justice. In this case, general equitable principles were accorded no consideration. Here, it was the appellants themselves who maintained the list which theoretically would have made it possible to determine how members voted. Thus, the appellants stand to benefit by their own illegal actions. Under this doctrine, a candidate who knows or believes he will be defeated can knowingly violate the Act, in such a manner that in the event he is defeated, he can urge his own conduct to set aside the election.

(5) Any knowledgeable person can uncover a technical violation of a union's constitution and bylaws in any union election, and in inverse proportion to its size. On the other hand, it is extremely difficult for the most sophisticated person to avoid committing one.<sup>6</sup> Congress recognized its detailed regulation had increased the likelihood of technical violations. It chose to follow the substantial justice doctrine, and thus eliminate suits over technicalities, by expressly limiting the grant of legal redress to (1) the ordering of a new election, (2) where a statutory violation may have influenced the result.

The Department in accordance with this explicit manifestation of legislative intent has declared that it will not institute a suit unless it believes that violations "may have affected the outcome of the election." But, aside from the nebulous "possibility" test, the historical lesson of regulating institutions runs contrary to their intent. Here, the Department did not even allege that the purported violations "may have affected the outcome" or that the secrecy of the

<sup>6</sup> Recently an election was set aside in a local union and the election process began anew under the supervision of an eminent jurist. Both sides were represented by able counsel. They, together with other counsel, agreed upon a stipulation for the conduct of an election, including the text of a notice. The notice, inadvertently, neglected to comply with one purely technical requirement. It was sent to all the members. Fortunately, shortly thereafter the omission was noted by another attorney, and at considerable expense to the local union, a second notice was sent to all the members. With such an auspicious beginning would any reasonable man anticipate the eventual outcome.

ballot was in fact penetrated, but, to the contrary requested alternative relief to enjoin the union from *violating the Act and the union's constitution*. What appears to be a stonewall against "technical" suits, becomes a triumphal arch by this device. This view means that the Secretary would be free in any case to go into Court to secure an injunction against any Union on any technical point regardless of the outcome of the election, and that the union would operate in the future at the peril of a contempt decree for any technical violation of either the Act or its own Constitution. It portends an unending era of litigation over technicalities, and the ultimate triumph of form over substance at the expense of membership rights.

No small local union can adequately defend itself against a suit by the federal government. It could not defray the necessary legal expenses incurred in defending its position, let alone appeal an adverse ruling. The mere filing of a suit would be sufficient to paralyze its operation. Practically, it would have a choice between the rock and the whirlpool—either a default judgment or passing out of existence.

In sum, then, under these doctrines, any dissatisfied member, whether candidate or not, voter or not, for reasons stated or not, can enlist the full power of the federal government, by a postcard (after first sending a postcard to his national union); obtain a full and complete investigation of the entire election process; a determination whether his constitution has been complied with, a determination whether his constitution complies with Title IV (but not Title I); a determination whether Title IV has been otherwise complied with, technically or otherwise. Then, if any alleged violation, technical or otherwise, is discovered, the Government will bring suit on his behalf.

Once this advantage becomes general knowledge, the Department will be flooded with election protests; for the more simple a protest can be made, the more that will be made. Under internal union procedures, the burden is upon the moving party. Consequently, a member will ordinarily weigh his grounds carefully and rely upon substantial matters in submitting an appeal. Now, a defeated candidate can protest to protect his interest just in case a violation is discovered in his case, or to obtain the benefit of similar legal theories in other pending cases. Further, internal union protests ordinarily stem from an aggrieved candidate. Here any member can protest. There is in every union (as in any other group) a self-

appointed custodian of liberties and democratic processes who believes everything is "haywire." When he realized the complete free legal services available, he shall make full use of them.

This article can merely scratch the surface of election problems. Novel provisions such as the "equal treatment"<sup>7</sup> and "adequate safeguards"<sup>8</sup> provisos, and the prohibition against expending union moneys to promote any person's candidacy,<sup>9</sup> become ephemeral in application to real situations.

Many daily situations, such as an officer requesting support or distributing his campaign literature while making his daily rounds or publishing his views or picture in a union newspaper have become the subject of controversy, and some are under litigation.

But the current confusion is not restricted to protests and litigation.

The Department does not construe its responsibilities under the Act as being discharged solely by investigation and litigation once an election has occurred. Rather, in a praiseworthy effort to assist unions in complying voluntarily with the Act's provisions, it has launched an extensive educational program, publishing interpretations, technical aids<sup>10</sup> and pamphlets. Further, Regional Offices have made their services available prior to election, rendering advice, interpretations, and other forms of assistance in written or verbal form including passing on the most intricate Union constitutional questions, and have offered to instruct local unions in the proper manner of conducting elections. Again, these personnel cannot possibly be vested with the insight, acquired by experience with the particular organization, necessary to even understand how it functions. The result has been repeated conflict with lawful established policies of the Unions, responses to queries which while true in theory are erroneous in the context of the particular situation, or which are misunderstood and engender further confusion.

<sup>7</sup> LMR & DA 401 (e)

<sup>8</sup> *Ibid.*

<sup>9</sup> LMR & DA 401 (a)

<sup>10</sup> Many innocuous statements when viewed in isolation have been the means of creating confusion, e.g., "(Note—constitution and bylaws of the Local Union may be amended by a vote of the membership)." (*TA Aid NO. 5. P. 13*). While this statement is true as a general rule, where a Local Union operates pursuant to a Uniform Constitution, the constitution cannot be amended, except, generally, at a convention of delegates from all Local Unions. This has started a rash of attempts to amend Local Constitutions, and to conduct election procedures in accordance therewith, contrary to their constitutions and in violation of the Act.

The condition has been aggravated to the extent that, in certain localities, long before election time, one or both sides begin visiting the Bureau's regional offices, inquiring about the Act's provisions, their constitution, bylaws, etc.

The good faith efforts to educate have been abused frequently, deliberately or otherwise, and explanations have been twisted around at meetings of a union to reach a conclusion contrary to the union's constitution and the Act.

#### CONCLUSION

A primary purpose of the Act was to stimulate and expand democracy within trade unions. Congress recognized the problems of small local unions, and attempted to meet their needs by providing for a short financial form. The ax has fallen the hardest upon small local unions. As a consequence many have gone out of existence and events indicate that the small local union will vanish as an appreciable segment of the movement.

In the election area, Congress attempted to extend the voting privilege and provide for secret, fair and honest elections. To do so, it rigidly regulated elections, in a crazy-quilt pattern, reversing the evolutionary process of pruning away cumbersome and formal requirements. The result has been to unsettle the entire area of elections. Current positions will result in a rash of complaints and litigation over technicalities.<sup>11</sup> Unions will be required to tighten up their procedures. And, in the end, while purporting to create new rights in the election area, it will, in fact, result in substantially divesting members of voting rights previously enjoyed.

<sup>11</sup> There have been recent indications (since this Article was prepared) that the Department, as a result of its initial experience, is cognizant of the impact of its procedures, and is in the process of establishing procedures to conform with the intent of Congress. If a workable procedure could be developed and *followed*, it would tend to avert some of the more extreme, unforeseen consequences outlined herein.

## DISCUSSION

MALCOLM L. DENISE  
*Vice President—Labor Relations*  
*Ford Motor Company*

It is something of a novel experience to hear a union attorney openly deplore the reach, scope and insensitivity of Federal regulation. For comment, one might simply point ironically to organized labor's long-time advocacy of expanded Federal power, say, "Welcome to the club," and let it go at that.

Or one might go a step further to join in a general indictment of Federal intervention, reinforcing the complaints cited in Mr. Conner-ton's paper by reference to numerous difficulties, hardships and uncertainties that the many regulatory and taxing statutes of the Federal government cause businesses, both large and small.

However, rather than turn this into a nostalgic "Let's repulse the Feds" session, I should like to suggest a bit of perspective in evaluating the Act.

The reason we have the Labor-Management Reporting and Disclosure Act is that we had before it the constellation of Federal enactments that includes, among others, Section 6 of the Clayton Act, Norris-LaGuardia, NLRA, and Taft-Hartley.

This Federal legislation has fostered the development by many unions of great market power. Monopoly and the employment of otherwise questionable means in the pursuit of self-interest on the part of unions are officially blessed and encouraged. As Dr. Edward H. Chamberlin has pointed out, this market power tends to be obscured from general public view because it appears to be exercised only vis-a-vis employers, but its true and ultimate thrust is against consumers just as surely as is that of a business monopoly.<sup>1</sup> And with all due respect to Professor Clyde Summers, it is quite possible to question whether the public interest is best served by this monopoly structure without being either grudging in the acceptance of collective bargaining or hostile to healthy unionism.<sup>2</sup>

The public and legislative vision of unionism pervading the thinking that made this legislative framework possible pictured a union as a group of stalwart, right-thinking workingmen, gathering to-

<sup>1</sup> See his booklet, *The Economic Analysis of Labor Union Power*, American Enterprise Association, 1958.

<sup>2</sup> IRRR, *Annual Proceedings*, 1957, p. 231.

gether to work out their own destinies by processes as democratic as the New England town meeting. How could a reasonable man whose soul had not been sold to the "interests" seriously worry about abuse of economic power in the hands of such plain people?

Only upon a foundation of this sort could the nation have built a structure containing such inconsistent elements as Norris-LaGuardia, which subordinates democracy to power, and NLRA, which, in essence, proceeds on the theory that power should rest on democracy.

When realization that the facts of modern unionism fell importantly short of matching this vision became general, the public, quite naturally, reacted. It appeared to face a choice between sharply modifying the structure whose foundation was thus exposed as shaky, or trying to shore up the foundation.

Some of our shrewder labor leaders sensed this situation, and turned major attention towards the latter alternative. On the fundamental issue they succeeded. Essentially the new Act's "union democracy" provisions represent an effort to legislate unions into closer conformity with the vision that underlay the market power permitted them.

It is not within the purview of this discussion to debate the wisdom of the choice. This background is relevant, nonetheless, in evaluating union complaints and criticism about the Act. Among other things, it casts doubt on the legitimacy of evaluating the Act primarily in terms of the problems it may cause very small locals. They are caught in its sweep only because they are integral components of an instrument forged for the exercise of power.

It is, of course, inherent in the nature of public regulation of private activities that the regulatee will be burdened in some degree with uncertainty, extra expense and new ways of getting into trouble. His fate will be subjected to the vicissitudes of inconsistent or shifting interpretations by the fallible humans who must administer and adjudicate the laws of the land. The nature of the process by which we hammer out controversial legislation is not such as to minimize these difficulties.

I cannot accept, however, the proposition that the Act will so discourage participation in union affairs as to lessen, rather than enhance, democracy in our unions. Certainly I have encountered no evidence of diminished political striving within the unions my company deals with. In the first blush of adjustment to new conditions, reactions are apt to be extreme, and resentment over the

necessity of changing courses of conduct deeply embedded in habit runs strong. But there is little question that time and experience will reduce much of what now appear to be mountainous difficulties into ordinary molehills.

It is hard to get truly worked up, for example, over the necessity of bringing the terms of a union constitution into conformity with practices that have grown up under it, or vice versa. Comparable problems often have been encountered in other fields. The job sometimes is arduous and annoying, but seldom traumatic.

I venture the opinion that our international unions, which are amply blessed with good talent, will find it possible to so adjust their procedures and guide their affiliates, both large and small, that officials who sincerely are trying to run honest and democratic unions will be able to do so without undue worry. I do not think that, in the end, they will find the courts or the enforcement agencies eager to find ways of making life hard for honest unionists who display an earnest willingness to live by the rules of the game.

No doubt there will be many a union functionary who will take a dim view of the procedures forced upon him by the Act not because they are in themselves unreasonable or particularly burdensome, but because they seem bootless in his particular circumstances. If the membership is apathetic, close observation of procedural requirements will tend to induce a sense of participating in empty ritual.

This leads to my final point: Congress cannot legislate real democratic participation into any organization; it can only legislate procedures and protections calculated to permit the democratic urge to manifest itself freely if felt. Criticism of the Act, therefore, on the grounds that it concerns itself with the forms, rather than the substance, of union democracy, is not well taken.

Whether the net result will be a measurable increase in the intensity and effectiveness of membership participation in internal union affairs remains a question. Granted the most democratic of voting procedures, it remains true that honest but skillful control of the administrative machinery of a union, particularly at the international level, tends to make a well-entrenched incumbent leadership almost impossible to dislodge. The concept of a two-party system, of a flourishing "loyal opposition" is generally viewed with strong disfavor by American unionists.

Whether this is good or bad for the collective bargaining process is a question outside the scope of the present discussion.

WILLIAM J. REILLY

*Manager, Labor Relations Department  
International Harvester Company*

The papers delivered by Professor Brown and Mr. Connerton present several interesting contrasts to a person such as myself who has spent most of his working career negotiating with unions in behalf of a large employer. This is particularly true because my career spans the entire period since the Wagner Act was enacted and includes active participation in the early efforts to organize the unorganized in the mass production industries.

Because of these experiences Professor Brown's inquiries concerning the effectiveness of the sanctions of the unfair labor practice prohibition of employer interference with organizing activities is most interesting. And it is especially interesting to me that at this late date the effectiveness of this governmental coercion in favor of union organization should be questioned. Although I cannot cast great light on this question for the reason that Harvester has rarely been charged with interference, I shall attempt to be of what little help I can in a few moments.

The original concept of federal collective bargaining legislation was that if the employer's hands were tied so that he could not fight organization of his employes effectively, and he was forced to bargain with the chosen representatives of his employes when organized, all would be well. The faith was that the union would only insist on what was reasonable, and that employers would certainly agree to their reasonable demands as the sensible alternative to a strike. Therefore labor disputes would no longer stop the flow of interstate commerce. It didn't work that way. Consequently we have witnessed the enactment of dispute settlement procedures in the Taft-Hartley Act and great debate over what form further governmental interference with collective bargaining should take. No one seems to have the temerity to suggest leaving the parties alone. Perhaps this solution is too obvious.

But more significant in relation to Mr. Connerton's remarks, is the fact that the government has found that through encouragement of union organization, it has had to assume responsibility for the conduct and government of the sponsored unions. This, of course, is a vast departure from the concept of Section 7 of the NRA and later the Wagner Act which assumed that since the unions being sponsored

were organized for the benefit of the workers, they would not act against the interests of any of the workers they represented, or the public. It was assumed that, as voluntary associations, they would govern themselves like fraternal lodges and other voluntary associations with due regard to the rights of their members. This has not been true in many cases, as we know.

It is understandable that Mr. Connerton and many other representatives of unions should regard this change in the government's attitude as a blow at best, and traitorous at the worst. It is understandable that Mr. Connerton should feel that the government has turned its back on the unions, has changed the rules of the game to the unions' disadvantage without their leave and consent, and is now distinctly unfriendly. I think that much of what Mr. Connerton has said is unwarranted by the facts, and is more an expression of the pique of a chastised favorite son than a reasoned analysis of the situation the unions now find themselves in under the Taft-Hartley Act as amended and the Labor-Management Disclosure and Reporting Act of 1959. I shall support my position with a recent case in Harvester in a few moments.

Before doing so, I should like to comment that much of what Mr. Connerton said could, with only changing the references from "unions" to "employers" be duplicated in hundreds of speeches at management gatherings in the 1930's and 1940's concerning the unfair and dangerous consequences of federal regulatory labor legislation on employers, their costs, and their rights. Everybody likes to see the other fellow "regulated" for his own benefit, but doesn't like it when he himself is "regulated" by the government in the public interest. The lesson is that if one element of society is "regulated" by the government, it is only a matter of time until those profiting by such government action are "regulated" too.

Going back to Professor Brown's paper, Harvester has had only one charge of interference leveled against it in recent years. I think it is true, as Professor Brown stated, that strong unions find and use other means to defend their members.

In this case, a union, rather than filing a charge, brought to our attention a claim that three mechanics in one of our sales branch operations who were organizing for the union had been discharged on flimsy pretexts. After a quick investigation, we concluded that the circumstances were such that the Board would find that interference was present in the case of two of them if a charge was filed.

We therefore reinstated the two employes promptly. The third employe was not immediately reinstated because of a generally unsatisfactory record. However, he too was reinstated while the case was under investigation by the Board as the result of a charge later filed by the employes themselves.

One of the two mechanics immediately reinstated by the Company resigned to accept a better position with another company. About three months later he returned to the operation and applied for a job as a retail salesman. He was hired as a salesman and, although his efforts and desire to sell were satisfactory, he did not prove to be successful in selling and again resigned after about six months.

The other mechanic, also reinstated before Board intervention, resigned about three months after the case was closed to accept another job which he stated paid more money. We have not heard from him since.

There has been no further effort by the union to organize the operation in question.

In my judgment, in this sophisticated era, employes will vote for a union in the face of the plainest employer coercion if they feel they need one. They are not as easily "coerced" as the law assumes. If they do not feel this need, they won't vote for a union for many different reasons, not the least of which is the financial obligation involved. It is also my judgment, as evidenced by this case, that once a case of this kind is resolved, most employes take the mature attitude that it is a closed issue. Furthermore, the kind of circumstantial evidence used to support interference charges often leave employes cold. I don't know whether these remarks are helpful to Professor Brown, but I hope so.

Turning to Mr. Connerton's paper, I have another recent Harvester case which I believe brings things into better focus. Interestingly enough, this case was commented on in "Labor Trends" in the current issue of Fortune magazine as representing a typical application of the Trusteeship provision of the Disclosure Act.

In one of our Southern plants, the local union built a new hall and provided segregated rest rooms and followed segregation practices at union meetings. The International Union UAW-AFL-CIO first urged and then insisted that the union hall be desegregated in line with International Union policy and the constitution of the union under which the local's charter was granted. Upon refusal of the

local union membership to comply, a trusteeship was instituted and administrators appointed who took over the affairs of the local union.

Members of the local union then appealed to the Secretary of Labor under the new Disclosure Act for an order directing the International Union to terminate the trusteeship on the ground that enforcement of desegregation policies of the union was not a proper purpose under the new law for the establishment of a trusteeship.

After investigation, the Secretary of Labor determined that the International Union did have the right under the new law to establish a trusteeship to enforce its constitutional provisions against segregated conditions in a local union.

The points I wish to make are first, that the entire process from complaint to determination took only about ninety days, and second, the authority of the union to maintain the trusteeship to enforce its internal policies was not interfered with. So it seems all is not lost.

I hope that these comments have proved helpful to Professor Brown, reassuring to Mr. Connerton, and interesting to all of you. I thank you for your kind attention.

FRED WITNEY  
*Indiana University*

Almost in the same mail I received Dr. Brown's paper and the latest annual report of the NLRB. As in any year, the Board points with pride to its activities, and, in particular, to its orders against violators of national labor policy. These orders are supposed to be the final step (subject to court review) of our national policy regulating labor relations. Congress enacted a policy, established an agency to administer it, and where there is a violation the agency takes appropriate action to effectuate national policy. Thus, all is very neat and tidy, the wrongdoer is punished, and the offended obtains justice and equity.

What Dr. Brown suggests, however, is that we ought to take a hard look at what really happens after the legal wheels have ground to a halt. Maybe experience will show that the "bad guy" is not actually punished and the "good guy" vindicated. There may be a big gap between what the law purports to achieve and what actually happens in practice. Thus, what actually happens to an employee who has won a legal victory over a union and employer who consummated

an illegal arrangement to deny him the right to work in his trade? What happens to a union which despite its legal victories in NLRB forums is up against an employer who still frustrates good faith collective bargaining? And what of an employer who has been the victim of illegal union practices? Does a remedial order of the NLRB really set things right for this employer? These are examples of questions which must be answered to determine whether our announced public policy is actually accomplishing its intended objectives.

Though displaying typical academic restraint and modesty, Dr. Brown's paper suggests that there is an area of investigation which goes beyond the passage of legislation and its enforcement. In the last 30 years we have created a veritable jungle of labor law. The thickets are many, dense, and, at times, incomprehensible, contradictory, and bewildering. Indeed, only lawyers thrive successfully in such an environment! They have a bountiful vineyard in which to operate. Still, this legal jungle is defended on the grounds that it is supposed to accomplish socially desirable goals.

Now, come students such as Dr. Brown who raise the uncomfortable question of whether all of this is really worthwhile. I strongly urge that this kind of research continue. Dr. Brown finds this a very sympathetic audience to recount his frustrations in implementing a worthwhile research project. Still, this is the kind of research we need. Who knows that when the evidence is in that the conclusion might be that we ought to drastically prune this legal jungle, or cut it out altogether, and find an entirely different approach to achieve sound objectives in the field of labor-management relations.

Some of the results of Mr. Connerton's research tend to cast a shadow upon the actual operations of a law which purports to achieve sound objectives. Certainly, if future investigation shows that the actual operation of the new law results in discouraging union members from exercising their prerogatives in their organizations, the law will not have achieved its purpose of promoting more democracy within labor unions. His paper, of course, does not develop the whole story, since, as he states, the evidence is much too sparse to permit conclusions based upon experience. We need careful research, not only in the limited areas treated in Mr. Connerton's paper, but in all sections of the law, including those few, but significant, provisions establishing responsibilities on management.

In this connection, I hope that organized labor does not permit its initial prejudice against the law to blunt its ability to discriminate

between those areas and procedures which experience proves to be wholesome, and those sections which prove to be undesirable. Since the evidence is so scanty, I believe it premature to conclude, as Mr. Connerton apparently does, that the law "has created more crimes than virtually any other statute in the history of mankind." This may prove to be true, but I for one would prefer to wait until the proofs are in.

All of us should face up to the fact that government will henceforth regulate the internal operations of unions. Even Mr. George Meany while commenting on the abuses discovered in the labor-management field stated last June that "it is manifest that these abuses cannot be adequately dealt with solely through self-regulation by the groups involved."<sup>1</sup> The objective should be to establish a statute which will eliminate abuses without impairing the dynamics of the collective bargaining process, and without penalizing the overwhelming number of decent union and management representatives. If the present law falls short of this objective, the law should be changed where it needs change.

Finally, I agree with Mr. Connerton that the ultimate impact of the law will be determined by the manner in which the Secretary of Labor and the courts apply it. In this respect, it can be argued that the Secretary of Labor is more important than the courts. He is the catalyst of its initial application for most of the issues treated in Titles II through VI. Indeed, one of the most important jobs of the new Secretary of Labor, Mr. Arthur Goldberg, will be to apply the law in the light of its intent and in a fair and reasonable manner.

<sup>1</sup> *AFL-CIO News*, June 6, 1959.

**Part III**

**RESEARCH IN THE ECONOMICS  
OF MEDICAL CARE**

# SOCIAL RESEARCH IN MEDICAL CARE: PAST ACHIEVEMENTS AND FUTURE PROBLEMS

ODIN W. ANDERSON  
*Research Director*  
*Health Information Foundation*

Systematic research in the socioeconomics of medical care actually began over thirty years ago when on several occasions in 1925 and 1926 a few physicians, public health practitioners, and economists met to discuss and draw up plans to study the structure of medical services in the United States.<sup>1</sup> As a result, a conference was held in Washington, D.C., on May 17, 1927, attended by about sixty persons representing the various fields interested in the proposals. They, in turn, created the Committee on the Costs of Medical Care (C.C.M.C.), which was financed by six well-known foundations.

The program of study planned by the C.C.M.C. consisted of the three following groups:

1. Preliminary surveys of data showing the incidence of disease and disability requiring medical services and generally existing facilities for dealing with them.
2. Studies on the cost to the family of medical services and the return accruing to the physicians and other agents furnishing such services.
3. Analysis of specially organized facilities for medical care now serving particular groups of the population.<sup>2</sup>

This program was proposed at a time when there were no national statistics on the extent of illness in terms of such factors as age, sex, and income. There were no national—nor even local—statistics on the use of services and, obviously, no systematized data on the incomes of physicians and others in the health field. Health insurance as we know it today was practically nonexistent; there were examples of organized medical care in some industries and similar systems, but these had not been studied and analyzed.

<sup>1</sup> They were: Winford H. Smith, M.D., Director, Johns Hopkins University Hospital, chairman; Harry H. Moore, economist, University of Chicago, secretary; Michael M. Davis, medical economist, former Director of the Boston Dispensary; Walton H. Hamilton, Professor of Law, Yale University; C. E. A. Winslow, Dr. P.H., Professor of Public Health, Yale University; and Lewellys F. Barker, M.D., private practitioner, Baltimore.

<sup>2</sup> Committee on the Costs of Medical Care, *The Five-Year Program of the Committee on the Costs of Medical Care, Adopted February 13, 1928*. C.C.M.C. Publication No. 1 (Washington, D.C.: Committee on the Costs of Medical Care, 1928), p. 14.

In other words, the C.C.M.C. had to conceptualize the whole field from scratch and to formulate the problem areas that needed research; it had to assemble staff, and determine what research methods and techniques were available or could be developed. All research in the social and economic aspects of medical care that has taken place since that time can find its genesis in the program formulated by the C.C.M.C. Prior to the organization of the C.C.M.C.—before 1920—there had been local studies on morbidity by age, sex, family income, and other measurable criteria by the Metropolitan Life Insurance Co. under the direction of Dr. Louis Dublin. After 1920 the U.S. Public Health Service launched a series of studies of the incidence of illness in a representative sample of a general population in Hagerstown, Maryland, and from these several reports were published.<sup>3</sup> But essentially nothing had been done to study the socioeconomics of medical care on a nationwide scale.

Nevertheless, the problem of paying for adequate medical care had presented itself. In fact, there had been a flurry of proposed legislation related to government health insurance in sixteen states during 1916 and 1917. This largely subsided within four or five years, leaving in its wake only fragmentary and unsystematized information on the nature, scope, and components of the problem from the standpoint of the public. Obviously, the suggested method of paying for health services—government health insurance—did not have enough support to survive into enacted legislation.

The period when the C.C.M.C. studies were being conducted, 1928-32, seemed to be one of watchful waiting to see what the results would be for public policy on medical care. The American Medical Association editorialized:

“Most physicians and most economists and most social workers are willing to wait until the Committee on the Costs of Medical Care, a group with which the medical profession is cooperating wholeheartedly, has brought into the situation data on which to base reasonable action for the future.”<sup>4</sup>

Twenty-eight reports were published; twenty-seven were field studies or systematic compilations of existing data, while the last report

<sup>3</sup> Among these were: Edgar Sydenstricker, “The Incidence of Illness in a General Population Group,” *Public Health Reports* (February 13, 1925), pp. 279-291; Selwyn D. Collins, *Economic Status and Health*, U.S. Public Health Bulletin No. 165 (Washington, D.C.: Government Printing Office, 1927), 74 pp.

published in 1932 contained the C.C.M.C. recommendations for action, based on the studies.<sup>5</sup>

It is not necessary to present in detail the findings of the C.C.M.C., but it is pertinent to say that they spelled out as never before the main dimensions of medical care and greatly assisted in the formulation of public policy. The data showed the extent to which illness falls unevenly in regard to income, age, and sex, and that costs and utilization of services likewise fall unevenly. Undoubtedly these findings were not unexpected, but the C.C.M.C. made the problems explicit, one of the prime purposes of research bearing on public policy. In addition, the C.C.M.C. made studies of existing methods of organizing and paying for medical services as represented by plans in some industries.

The full Committee pondered the results of the twenty-seven studies produced by the technical staff and began to prepare recommendations for action. For the first time in this country over-all policy regarding medical care was to flow from a series of comprehensive organized studies. As so often happens in research findings that bear on public policy, the Committee could not always agree as a whole, and majority and minority reports were issued.

The majority of the members of the Committee were of the opinion that medical services could be organized to provide adequate service for the entire population by the application of group practice units and the insurance principle. Financing could come from either or both private and governmental sources. The minority group, while agreeing with the majority on many matters, objected both to the proposal for group practice in association with prepayment, as involving contract medicine and as inimical to good medical service, and to any form of insurance covering physicians' services unless sponsored and controlled by medical societies.

It is apparent that there was agreement on the definition of the problem for the American public but disagreement on the means of

<sup>4</sup> Editorial, *Journal of the American Medical Association* (August 10, 1929), p. 459.

<sup>5</sup> The studies cited most often are: I. S. Falk, Margaret C. Klem, and Nathan Sinai, *The Incidence of Illness and the Receipt and Costs of Medical Care Among Representative Family Groups*. C.C.M.C. Publication No. 26 (Chicago: University of Chicago Press, 1933); I. S. Falk, C. Rufus Rorem, and Martha D. Ring, *The Costs of Medical Care*. C.C.M.C. Publication No. 27 (Chicago: University of Chicago Press, 1933); Louis S. Reed, *The Ability to Pay for Medical Care*. C.C.M.C. Publication No. 25 (Chicago: University of Chicago Press, 1933).

solution. This has characterized debates on medical care ever since; that is, there has been general agreement that something needs to be done, accompanied by disagreement over source of finances and method of organization. In recent years debates have moved into much more complicated considerations of the role of insurance, as we shall see presently. This, in turn, means that choice of problems for research needs constant reformulation if fact-finding is to keep pace with the issues.

When the recommendations of the C.C.M.C. were published and discussed in 1932 the country was in the depths of a depression which set the stage for the Social Security Act of 1935. This Act attempted to strengthen the existing public health programs, and made no reference to health insurance. Official interest in the problem of medical care and health insurance continued, however, and found expression through studies by the Bureau of Research and Statistics established by the Social Security Board. Further, Congress appropriated a considerable sum of money to the U.S. Public Health Service to conduct a large-scale study of illness in the general population, drawing on a sample of a million or so. This was conducted in 1935-36 and was known as the National Health Survey.<sup>6</sup> Until the decade beginning in 1950 the studies of the C.C.M.C. and the National Health Survey were the sole sources of data on the distribution of the costs of medical care and the extent of illness. They brought systematic information for the first time on the following:

1. Extent of illness and disability in the general population.
2. The extent to which illness and disability receive medical attention.
3. Family expenditures for services by type of service and the distribution by magnitude of services.
4. Data on utilization of various types of services.
5. Examination of existing methods and plans to organize services and help families pay for them.

In addition—and this was truly a pioneer venture—there was an attempt to set up standards of care in regard to types and volume of service that a given population should receive in relation to the extent

<sup>6</sup> U.S. Public Health Service, *Public Health Methods, The National Health Survey, 1935-36; significance, scope and method of a nationwide family canvass of sickness in relation to its social and economic setting* (Washington, D.C.: The Service, 1938).

and types of illness and disability.<sup>7</sup> Thus, for the first time, a scientific measure had been made of the extent to which the general population was approximating or falling short of a suggested standard of volume of medical care.

The studies of the C.C.M.C. and the National Health Survey provided a base for subsequent research in which I have had the privilege to be a part. Even so, I marvel at the differences between the thirties and the fifties, differences in medical care problems and social climate calling for a reformulation of research relevant to a new era—research requiring new tools, new concepts, and new interpretations.

Great interest in the problems of health insurance persisted, and proposals continued for governmental and private methods. The thirties saw the establishment of the currently extensive Blue Cross hospital plans and Blue Shield medical plans. By 1937 an inter-departmental Technical Committee on Medical Care in the Federal Government had been set up to plan and organize the National Health Assembly for 1938, using as a base the research findings accumulated to date. From 1939 to the end of the Truman Administration there were bills in Congress proposing federal-state health insurance programs. Concurrently, the postwar period saw the beginning and rapid growth of voluntary health insurance promoted by private insurance companies. The issue during this period appeared simple: *Should health insurance be government sponsored or privately sponsored?* Obviously, the very principle of insurance as a method had been settled.

During the 1940's there was little systematic research. The period was characterized by polemics over political issues and the burgeoning of voluntary health insurance, particularly after the war. This climate was really not conducive to research because there was too much cross-fire, and the contending sides selected their experts as in a court trial. Moreover, at that time research was hardly necessary to show voluntary health insurance agencies that more people should be covered and that costs of medical care are financial risks for families.

The field was wide open, and the decade of the forties was one of simple quantitative expansion following the acceptance of the

<sup>7</sup>Roger I. Lee and Lewis W. Jones, *The Fundamentals of Good Medical Care: An Outline of the Fundamentals of Good Medical Care and an Estimate of the Service Required to Supply the Medical Needs of the United States* (Chicago: University of Chicago Press, 1933).

insurance principle. Government health insurance legislation remained stalemated in Congress, and voluntary health insurance showed promise by the beginning of 1950 of becoming the prevailing vehicle for financing personal health services in this country.

When the Eisenhower Administration took office, government health insurance for the general population receded as a political issue, and voluntary health insurance was, in effect, granted the breathing spell it had been asking for to work out its destiny and to demonstrate its potentialities. The proper climate for research in the social and economic aspects of personal health services was then at hand, paralleling in a very different context the period of the thirties when the C.C.M.C. was established. During the thirties there was a need for data to spell out the components of the costs of medical care facing families. These were supplied. Beginning in the fifties, there was need again to spell out the components of costs of medical care, but with a new element added—voluntary health insurance.

By 1950 voluntary health insurance was paying one-half of the nation's general hospital bill and 40 per cent of the surgical bill. After its rapid growth during the forties, voluntary health insurance was now ready for an evaluation of its accomplishments and clarification of the problems that still needed to be solved from the standpoint of the public. In response to this need, the drug, pharmaceutical, chemical, and allied industries established Health Information Foundation in 1949 to conduct research in the social and economic aspects of the health field. By 1952 the Foundation staff had recommended studies of family costs and voluntary health insurance using the tools of social survey methodology.<sup>8</sup> The Foundation program has evolved from this base. The patterns of research sponsorship are interesting. In the twenties American industry financed the C.C.M.C. research in the social and economic aspects of personal health services through six foundations; in 1935-36, the federal government fi-

<sup>8</sup>Odin W. Anderson and Jacob J. Feldman, *Family Medical Costs and Voluntary Health Insurance: A Nationwide Survey* (New York: McGraw-Hill, 1956).

Odin W. Anderson, Patricia Collette, and Jacob J. Feldman, *Family Expenditure Patterns for Personal Health Services, 1953 and 1958: Nationwide Surveys*. Research Series No. 14 (New York: Health Information Foundation, 1960).

Odin W. Anderson, Patricia Collette, and Jacob J. Feldman, *Health Insurance Benefits for Personal Health Services, 1953 and 1958: Nationwide Surveys*. Research Series No. 15 (New York: Health Information Foundation, 1960).

nanced and conducted a nationwide survey of morbidity. In the fifties, American industry organized a foundation and financed the first nationwide survey of family expenditures for medical care and voluntary health insurance; and now the federal government is again financing and conducting a national survey of morbidity. Another benchmark paralleling the period of the thirties has been attained.

*What social and economic research in medical care is needed now?* In answering this question we must assume certain priorities among current problems and issues. Since the findings of the C.C.M.C. and the National Health Survey, several important changes, some of which I have already mentioned, have taken place, and affect the choice of research: (1) a shift in source of payments; (2) a change in the age composition of the population; (3) a shift in prevailing causes of morbidity and mortality; (4) a rise in the economic well-being of the population generally; (5) changes in the pattern of medical practice; (6) an increase in the use of health services generally; and (7) improvements in research methods.

In the fifties there have been studies exemplified by the National Health Survey, the surveys of morbidity and use of services in California relating particularly to chronic illness, the various studies sponsored by Health Information Foundation, and the field studies of the Commission on Chronic Illness in Baltimore and in Hunterdon County, New Jersey.<sup>9</sup> Also, the Commission on Financing of Hospital Care collected new data and assembled existing documents to bring some order to the study of financing hospital care.<sup>10</sup> The present Joint Commission on Mental Illness and Health is, in like manner, bringing order to knowledge related to the problem of mental illness.<sup>11</sup> And during this period there have been attempts to conceptualize the problem of unmet need and to measure it, and to conceptualize and measure quality of medical care. In two states, New York and Michigan, extensive research in current problems of medical care was undertaken by the School of Public Health, Colum-

<sup>9</sup> Ray E. Trussell and Jack Elinson, *Chronic Illness in a Rural Area: The Hunterdon Study*. Chronic Illness in the United States, III (Cambridge, Massachusetts: Harvard University Press, 1959).

Commission on Chronic Illness, *Chronic Illness in a Large City: The Baltimore Study*. Chronic Illness in the United States, IV (Cambridge, Massachusetts: Harvard University Press, 1957).

<sup>10</sup> John H. Hayes, ed., *Financing Hospital Care in the United States, Vol. I. Factors Affecting the Costs of Hospital Care* (New York: Blakiston, 1954).

<sup>11</sup> Rashi Fein, *The Economics of Mental Illness* (New York: Basic Books, 1958), Joint Commission on Mental Illness and Health, Monograph Series No. 2.

bia University, and the School of Business Administration, University of Michigan. These were requested by official state inquiries set up to look into the rate increases requested by the Blue Cross hospital plans in the two states. A similar move is under way in Pennsylvania.

Before describing needed research, then, we must ask ourselves how much we know that is useful in planning and policy formulation. I believe the following can be listed:

1. Range and distribution of facilities and personnel.
2. Range and distribution of costs by type of service for the family.
3. Range and distribution of health insurance and its relative effectiveness in helping families pay for care.
4. Range and distribution of utilization of various types of services.
5. Crude estimates of the relationship between need and demand and of the problem of unmet need.
6. A general cause of the incidence and prevalence of causes of morbidity and the causes of death.

We have seen a freewheeling period in the development of the health services in this country both as to methods of paying for them and methods of organizing them. There has been a steady expansion in amount of money, increased use of services, and many innovations. We seem to be coming to the end of an era and now entering one of taking stock of where we are. This is particularly true of the matter of cost. Cost becomes the natural concern and the question is asked: *How can cost be reduced or at least contained?* The question should be reformulated as follows: *What is the price tag on adequate health service for the American people?* The asking of the question suggests an examination of the elements that go into cost—adequate levels of utilization, various types of controls on enrollment and reviews in hospital admissions and discharges, limitations on health insurance benefits, quality of services, and prices of services. Cost results from the interaction of two components: price and volume. Consequently research in medical care in this emerging era needs to go into the problem of administering health agencies. Most of the research heretofore has studied the problems of the consumer in paying for services and the incidence of disease. The type of research problems suggested will tax the ingenuity of present re-

search methods in the social sciences and the ingenuity of social scientists.

I have used terms like administration of health services, adequate level of services, price, quality, and so on, and wrapped them up in two broad and interrelated concepts of use and price. For those who wish to move into research in this field I should be more specific and point out some needed projects.

The health insurance field is moving more and more into controls on use and price in order to contain expenditures. So that this can be done as intelligently and equitably as possible without stifling the continued need for flexibility I believe students of administration should examine the types of controls now in general use. They need to be evaluated and tested and experiments need to be conducted on other forms of control as well. The prevailing form of control is financial, exemplified by subscribers to health insurance having to pay a certain portion of the costs of insured services received. Another form is limitations on benefits in the number of hospital days, physicians' calls, exclusion of benefits for certain medical conditions, and so on. Little is known, for example, about the effect that financial controls have on the volume of services used. There has been no measurement of the effect on volume of use, the stated reason for the application of this form of control.

Continuing with use, we have a great deal of data revealing different patterns of utilization on the North American continent. In Saskatchewan, Canada, for example, the hospital admission rate is around 200 admissions per 1,000 population per year. In the Indiana Blue Cross plan it is around 116. We find the hospital admission rate for subscribers in group practice prepayment plans lower than in plans paying physicians on a fee-for-each-service basis. But no one really knows why these differences exist. *Is there too little care in one instance, or too much in the other instance?* Indeed, except for very gross incidents we do not even know how to define "too much," "too little," or "just right." Obviously, the field is open for research into standards of adequacy.

On the price side, it seems to me useful research can be conducted showing explicitly the cost components of hospital care and why prices have risen so much in the past five years. We know roughly why, but not really. With good cost accounting we can also move into efficiency studies relating personnel, services, and so on, to hospital productivity. Also on the price side, useful research can be con-

ducted on how physicians in private practice set their fees. Common sense tells us it is partly custom and partly the cost of conducting a practice. All evidence indicates that there will be fewer physicians in relation to population in the indefinite future. *Given the method of fee-setting prevailing today, what effect will this have on physicians' fees and in turn expenditures for physicians' services?* Common sense tells us that as demand increases on decreasing supply the price goes up. *In the face of this, what are the implications for health insurance, and the market-place of medical care? Will fewer people get care because of price? Will fewer people get care mainly because of smaller number of physicians? Can services be organized so that a smaller supply of physicians can be utilized more efficiently?* All of these are public policy questions which have to be answered mainly on philosophical grounds ; others can be answered at least in part by well formulated research feeding policy formulation.

There is a dearth of qualified research personnel. I do not necessarily refer to the dearth of technically skilled personnel, skilled in statistics, manipulation of mass data, sampling, interview techniques, and so forth, but research personnel who have a sufficiently intimate knowledge of the problems and issues in the administration of health services today so that they can formulate and design projects in direct relation to these problems and issues. Further, where it is possible to gather data, these researchers must be able to interpret findings in relation to the problems and issues. This advice sounds like a truism and should be obvious but my experience has been that social research in the health field too often misses the mark because of inadequate formulation of the research problem and lack of candor in stating what the findings mean.

Tied up with the ability of research personnel to formulate research projects relevant to the problems and issues at hand is the necessary ability for a sense of strategy and tactics in mounting and carrying through a research program, particularly when the findings have direct implications for public policy and have overtones of controversy. The combination of skill in formulating a project and mounting and carrying it through among the interest groups involved is not common. (Parenthetically, I believe strategy and tactics in social research need to be taught along with the strictly technical skills.) The proper base for a research project then becomes important. It is, of course, not possible to present a blueprint and even general principles are difficult enough to suggest. Certainly one basic principle is to dissociate a research project from any particular "school of

thought" as to how health services should be financed and organized. This requires a dispassionate statement of the research problem and rigorous execution of the research project.

Social and administrative research in the health field should flourish best in a broad university base drawing on the concept and skills of the various schools and departments. The best base for any particular project is difficult to determine in advance—certainly when health services are studied the medical school and school of public health should be involved to the degree necessary. Sometimes the health schools are a good base for research, other times they are not.

It seems to me that the difficulty of formulating and conducting research in the administration of health services is underestimated by schools of public administration and the various other social science departments in the universities. I feel there is a carryover from what I may mistakenly believe to be simpler problems on which to conduct research in the health field. I am thinking of problems such as unemployment compensation, pension plans, public assistance programs. It seems to me that these programs are easier to evaluate as to adequacy, cost, efficiency of operation, and so on, than are the health services. If my observation is correct, I therefore believe that social scientists and other researchers in administration tend to oversimplify difficulties of research in the health field until they have had a great deal of contact with it. Methods to deepen the knowledge of social researchers regarding the health field need to be explored.

In summary, then, for some time to come there is need for judicious and bold assessment of use and price. Use and price have been allowed to reach their own levels in a prosperous economy. Today, however, they have come under public scrutiny. And the increasing extent to which personal health services are being paid for by sources other than the patient directly at time of service has brought into the picture the manifold concerns of other interests such as insurance agencies, labor unions, industry, and insurance commissioners. The climate of opinion today is one of a desire for tighter financial and quality controls on the medical establishment than has been true heretofore. The heart of our concern as researchers then becomes: *What forms can these controls take and can they be applied equitably?* So far there are hardly any scientifically established criteria for determining the proper level of utilization and quality of services and their cost. Obviously, research in this field faces a great challenge if it is to answer these questions adequately.

# CONTROLS IN THE MEDICAL CARE FIELD

WALTER J. MCNERNEY

*Bureau of Hospital Administration  
The University of Michigan*

Several related developments over the past few decades have produced widespread interest in the subject of controls in the medical care field. Among the more important are the following:

First, there has been a rapid rise in medical care costs. Between 1947-49 (base of 100) and 1958 the Consumer Price Index for all items increased 24 per cent; medical care increased 44 per cent, almost twice as much. Only transportation as a major grouping came close (41 per cent). All other major groupings increased less than 30 per cent. A breakdown of medical care reveals that the index for hospital room rates increased (98 per cent) over twice as much as general practitioner fees (39 per cent), about three times dentists' fees (31 per cent), over four times as much as surgical fees (23 per cent) and almost five times as much as prescriptions and drugs (21 per cent). In 1958, approximately 16.5 billion dollars, almost 6 per cent of all personal consumption expenditures, were spent on medical care exclusive of government expenditures on care, public health, public welfare, research and education.<sup>1</sup>

Secondly, since the 1930's an increasing proportion of public medical care expenditures has been made through prepayment and insurance. This is particularly true of in-hospital doctor and hospital expenses. As a result increases in some major costs are quickly reflected in higher premiums or lower coverage and readily evident to many rather than the few becoming ill. Doctor's office, post acute facility, drug and dental expenses are presently only minimally covered, but their inclusion in greater part seems only a matter of time. Cost changes as a result, will become even more visible. Between 1948 and 1958 total accident and health premiums increased approximately 450 per cent; in 1958 they totalled almost 6 billion dollars.

Thirdly, an active concern over quality of care has grown based on the large amount of money being spent and disturbing allegations of faulty practices.

Finally, there has developed fairly widespread concern with the balance of the voluntary system. In certain respects facilities and

<sup>1</sup> *Source Book of Health Insurance Data*, New York Health Insurance Institute, 1959, pp. 44-53.

programs seem over developed at least in some areas. General, short term, acute hospital beds have more than kept pace with the population and admissions per thousand population to these beds have risen 25 per cent between 1946 and 1959. At the same time there has been a growing shortage of preventive, post acute and rehabilitative facilities and programs. Similarly insurance and prepayment coverage has experienced an uneven growth. There is concern with over insurance among a few people and lack of coverage for others such as the aged, disabled and chronically ill. Some services are covered to the extent that misuse is suspected and other services, for example, office practice or nursing homes are covered only rarely.

The net effect of these and other developments has been a growing interest in controls on the part of key consumer groups. Controls of all types are now discussed, i.e., moral, professional, financial and legal.

The word control is used variously in the lexicon of management. There is lack of consensus regarding both meaning and use of controls. In this paper the word will be used in its literal sense, as a verb, i.e., to exercise restraint or direction over. Medical care will be interpreted mainly to include the principal elements of service (doctor, dentist, hospital and allied institutions and drugs) and the principal sources of payment (prepayment, insurance, government and self pay).

#### A DISCUSSION OF CONTROLS BY MAJOR GROUPS

What are some of the key groups, how do they feel about controls, what controls do they exercise and what are their relationships? In capsule form here are the postures of government, management, labor, the public, doctors, hospitals, prepayment plans and insurance companies.

##### GOVERNMENT

To date government has concerned itself mainly with the concept of minimum standards as far as hospitals are concerned. State government will charter a hospital. The primary concern of the state agency involved is not area need but what ownership pattern is appropriate such as, non-profit or proprietary. The state health department often licenses the hospital. The focus here is on safety, elementary sanitary and basic staffing considerations often directed mainly at maternal or child health rather than at general program and overall effectiveness of care. In addition to these and other legal controls centering around individual rights (liability, privileged com-

munication, etc.) the state employs a few financial controls. For example, through the Hill-Burton program money will not be given to a community unless its needs are demonstrable according to a state-wide plan and once approved in principal the building must meet certain construction standards. Many hospitals are built, however, without Hill-Burton help and therefore are unaffected. The agency for crippled and afflicted children may purchase care only in hospitals meeting certain staffing and service requirements.

The federal government touches the local hospital only lightly largely through matching monies to state agencies. Local government is concerned mostly with fire safety and fiscal control through the establishment of cost ceilings in purchasing care.

The state, of course, licenses doctors to practice medicine and surgery. The exam upon which licensure is based is fundamental rather than extending. Once licensed the doctor is free to practice as far as the state is concerned for the rest of his life barring legal troubles despite the fact that he may be out of date in two years.

Insurance commissioners at the state level can exert certain controls over insurance and prepayment agencies. The effect of these controls to date has been minimal. In respect to insurance they involve mainly matters of solvency and integrity. In respect to hospital prepayment they extend in some states to control of rates and thus more deeply into administration.

Most government agencies do not work hard on the development of standards for control purposes nor do they project themselves extensively into nature or quality of program. The tendency is to rely heavily on the integrity of the doctor, hospital or insurance plan beyond the threshold.

Not a few federal legislators feel that government hospitals and medical practice are sound. There is some feeling that voluntary hospitals are inefficient, that they have grown fat not having to meet the acid test of a more rigorous market than the voluntary system affords. Frequent reference is made to the fact that the word "system" is a misnomer and there is a fair amount of talk about lack of organization. Concern is expressed over the absence of areawide planning which gives proper expression to such familiar concepts as regionalization and continuity of care.

In the future it is highly likely that federal money will be granted not simply for the asking but according to some overall strategy calculated to effect better distribution, more continuity and higher standards. It will become a larger element of control.

At the state level there is considerable conversation about more controls in the form of legislation and reorganization and the needs for more selective licensure. Higher operating standard provisions are being studied. Consideration is being given to streamlining health and welfare programs. Talk of a statewide planning agency controlling new health facility construction is beginning to take hold. Minimum wage legislation affecting hospitals has been proposed.

Other illustrations could be cited to demonstrate that in one form or another the consumer of medical services through his government is beginning to introduce his own notions in areas that were previously solely a professional prerogative.

#### MANAGEMENT

Management (referring primarily to business executives) has first of all a practicable interest in how well local hospitals and doctors meet emergency conditions and beyond that provide sufficiently good services so that lack of hospital or medical care doesn't become a negative factor in the recruitment and maintenance of personnel. The strength of this interest is growing in many areas—augmented by the feeling that a congenial community has as much to do with worker motivation as factors within the plant. As a result in some instances an industry or industries will contribute heavily to fund raising efforts, and in others attempt to work out relationships with hospitals and doctors that supplement the plant health service program.

Management as a whole has struck a conservative posture regarding controls. It seems pretty much disposed to have faith in the present system of hospital and medical care and to control utilization, if at all, through manipulation of the prepayment or insurance benefit structure (deductibles, coinsurance and indemnifying factors which purportedly elicit control in the form of individual self-interest) rather than manipulating the hospital or doctor per se. It cannot be ignored that indemnity, in one form or another, offers management an opportunity to shift part of the cost of medical care to the consumer. Equally important it gives management a more fixed, predictable liability faced with enough liability imponderables already. The very close competition in several lines gives further emphasis to keeping the fringe benefit contributions under control as much as possible.<sup>2</sup> Outside of its internal emergency and health service needs then, management sensing perhaps a proprietary fellowship with the hospital and medical practitioner is willing to leave, in many

areas at least, hospital and medical operation to the professional family.

It is important for the hospital and medical family to realize that there are forces afoot pressing this conservative point of view slightly to the left. As industry is forced at the bargaining table into paying for more and more hospital and medical costs through premiums it cannot ignore the extent of these costs and the factors underlying them without facing union counterpressure and lower fringe costs in competitive areas and lines that do take the problem seriously. Expectations toward the hospital's and doctor's roles in controlling quality and costs are likely to become more definitive.

#### LABOR

The position of unions in general is less conservative and, of course, it varies with the union as it does with management. To some the hospital and medical practice are relatively unfathomable and better left alone. The main concern of this group is that the prepayment or insurance mechanism covers the costs of medical care of workers when actively employed, laid off or retired, plus all dependents, so that few out of pocket expenses are incurred, both as a matter of personal convenience and to shift the costs to a broader base. Within these ranks there is found a somewhat philosophical attitude toward efficiency of the system. Marginal care and misuse of the hospital are viewed more as relatively small problems characteristic in nature and extent to the problems found in all areas of operation (including certain trades) and less as a purposeful affront to society requiring strong countermeasures. To other unions the voluntary system needs prompt attention along a broader front. These groups have definite ideas about organization, control and quality, sometimes based on careful study. These groups think that the community hospital should expand its scope of services (notably into the areas of prevention, diagnosis, chronic disease and rehabilitation), establish explicit standards of quality of care and enforce them, encourage group practice units attached to the hospital, and establish regional working relationships so that complicated cases are referred into larger, more complete hospitals and services from the base cen-

<sup>3</sup>In Michigan a few of the large automotive firms stand more firmly behind service type programs on a community rating basis accepting control from within by the professions convinced that in the long run the greatest value is received and that the voluntary system is strengthened.

ters filter into the peripheries in the form of personnel and equipment. Accepting the idea of comprehensive prepayment these groups put equal if not greater stress on re-organization and the development of overt standards as a reformation goal.

Most labor groups are attempting to transfer the cost of health prepayment and insurance to management. The strategy seems to be to include as many health expenditures as possible on a premium basis and then bargain to have management pay the premium. There is little feeling that the collective bargaining process should not be used to bring control pressure to bear on hospitals and doctors (unlike management). There is less faith in the leadership of doctors and hospital administrators from within and a strong conviction that the consumer must have wide representation at policy levels such as Blue Cross, Blue Shield and hospital boards.

The attitudes of labor toward governmental participation are complex. During the 1930's and 40's it favored a strong government role. There is some evidence today that the competition among top labor leaders is resulting in an incentive to set up labor-oriented plans and to derive credit for it. This incentive is fired by a feeling that the current (1960) federal administration is impregnable and by the frustration of not having seats at more policy levels.

#### THE PUBLIC

Doctors and hospitals have often turned to patients, visitors, and public opinion polls as a barometer of how well they are doing. These inquiries consistently show that patients are interested in food and good nursing care while often unaware of the quality of surgery, that visitors very strongly identify with patients, and that the public as a whole is unsure about such things as whether hospital trustees get paid, who really owns the hospital, what concepts such as continuity of care mean, and has only very general notions about economic factors. The public is not apt to be forcefully articulate, informed or sophisticated about self or community needs or about the nature or desirability of controls. The attitudes of organized groups such as labor and management are much more consequential.

#### DOCTORS

Although 28.9<sup>3</sup> per cent of active physicians were on salary in the United States in 1959 working in government, hospitals, industry, teaching and research the creed of medicine is still competition

and rugged individualism. This creed is sustained by the widely espoused psychology of the doctor-patient relationship, the feeling of independence growing out of the many years required to become a licensed practitioner and the relative shortage of physicians. The physician in treating patients becomes accustomed to making decisions and giving directions often without review or censure.

The reaction of the physician to the changes in medical science, social orientation and organization has been in part defensive. There is a great deal of talk still among physicians about the old days when fees were set more on a paternalistic basis and largely unquestioned, and when the physician was an institution in himself. A strong tendency exists to protect the autonomy and prerogatives of the physician by the physician through legal, economic, administrative and social means. The defense is interpreted by some as an antisocial, reactionary effort and by others more charitably as the awkward adjustments of a profession to the inevitable consequences of institutionalization and centralization.

The concern of physicians about self determination is expressed in various ways. At the local level one sees efforts on the parts of physicians to get representation on boards of trustees of hospitals, to obtain the services of sympathetic M.D. administrators, and to resist organization beyond a certain point saying that quality is too intangible to measure (medicine is an art). At the state level one sees efforts to pass corporate practice of medicine legislation to protect the interests of the full-time specialists in the hospital (principally radiologist, pathologist, and anesthesiologist), to maintain physician control of Blue Shield and to keep the formulation of fee schedules within the society. At the national level one finds organized lobbying against compulsory health insurance bills, official stands on a variety of issues and an increasing number of studies to justify the stands, most of which are conservative. At all three levels, local, state and national, organized medicine is concerning itself more and more with economic matters.

As much as or perhaps more than any profession medicine has attempted to control its own ranks. The emphasis has been largely on a professional or moral plane and on quality rather than costs. The American Medical Association has made a distinct and successful effort to upgrade medical education. Today only Grade A medical

\* Committee of Consultants on Medical Research, *Federal Support of Medical Research*, Government Printing Office, Washington, D.C., 1960, p. 22.

schools exist in the United States. In the early 1900's this was not the case. Some nineteen specialty boards have been created by physicians to encourage and pass on extended training beyond medical school. Foreign medical student graduates are now screened by the Educational Conference of Foreign Medical Graduates. Post graduate educational programs are widely offered by such groups as the American College of Physicians and American College of Surgeons. And as will be discussed briefly, within the hospital various controls over utilization and quality have been established by medical staffs.

Given all of this there are discernible gaps. In the office the solo physician is essentially without control. Peterson's study of office practice in North Carolina showed that a significant percentage of doctors in one area at least were practicing at a low level of professional competence indicating the need here for more attention.<sup>4</sup> Economic controls per se have been minimal. State and local medical societies have concerned themselves with gross violations of charging practices, helped develop fee schedules for the lower and middle income groups, and have helped to promote use committees in hospitals, but the leadership has not been aggressive or consistently well organized. It should be acknowledged that legislation such as the Forand Bill has stimulated much more concerted efforts of late. It is now fairly well accepted among medical leaders that certain collective steps must be taken.

#### HOSPITALS

Hospitals exercise and are influenced by a variety of controls. The existence of a hospital is governed largely by the informal working of the market place, i.e., the availability of leadership, capital and skills. Given these in sufficient quantity a hospital can be built subject to little restriction. It must obtain a charter, but as has been mentioned this is easy. There are few if any formal checks and reins on hospital construction and the few that exist are not coordinated.

Hospital operation involves more checks and balances. Internally there are the usual administrative controls over finances of organization, accounting and planning. Because 35 per cent of hospitals are under 50 beds (1959) some of these controls are informal but contrary to popular belief they are probably no worse nor better than

<sup>4</sup>Peterson, O. L., Andrews, L. P., Spain, R. S., Greenberg, B. G., "An Analytical Study of North Carolina General Practice 1953-54," *The Journal of Medical Education*, December 1956, Vol. 31, No. 12, p. 143.

those found in industry. In addition there are administrative and clinical controls over utilization and quality. These are exercised largely through medical staff committees. Guarding quality are credential committees evaluating men for medical staff membership and determination of privileges, tissue committees looking at the prevalence of normal tissue removed, audit committees evaluating through sampling of records the adequacy of histories, physicals, diagnoses and treatments and educational conferences such as clinical-pathological conferences. Regarding utilization, in a growing number of hospitals utilization committees have been established with more of an economic than clinical orientation the functions of which are to review patients in terms of the validity of their admission, the relevancy of the procedures and the appropriateness of the length of stay.

The rigor with which internal controls are exercised varies considerably by the hospital. A few staffs are conscientious in most areas, the majority watch the clinical essentials fairly closely but are hesitant to compromise the prerogative of the individual physician on economic matters such as admission, procedures and stay. There is a growing amount of evidence to indicate that such matters bear close watching. Studies without exception show more utilization among the insured than the uninsured controlling on such factors as age, sex, occupation and diagnosis. In New York, for example, Paul Densen has pointed out a significantly lower hospital admission rate for group practice patients than non group practice patients.<sup>5</sup> In Michigan a study of hospital and medical economics showed that approximately 9.7 per cent of all discharges to general and special hospitals in the state during 1958 involved overstay and 6.9 per cent involved understay.<sup>6</sup> This same study showed a high correlations between hospital admission rates and degree of insurance coverage. In 1956 Dr. Lembcke pointed to an experiment where before a medical audit was undertaken a city's resident rate was 3.7 hysterectomies per 1,000 white population per year and after the medical audit was fairly well instituted in the two hospitals involved the annual rate was only 2.1 per 1,000.<sup>7</sup>

Once in operation the average hospital is not subject to many

<sup>5</sup> Densen, Balamuth, Shapiro, *Prepaid Medical Care and Hospital Utilization*, Chicago, American Hospital Association, 1958, Monograph #3.

<sup>6</sup> *Study of Hospital and Medical Economics*, Bureau of Hospital Administration, The University of Michigan, Ann Arbor, 1960 (unpublished).

<sup>7</sup> Lembcke, P. A., "Medical Auditing by Scientific Methods," *The Journal of the American Medical Association*, October 13, 1956, Vol. 162, p. 654.

outside controls sponsored by hospitals. Hospital councils, excepting a few areas, and associations do relatively little to affect quantity, quality and costs of care except in very general difficult-to-measure promotional ways. They concern themselves largely with the traditional efforts of education, service and representation. The Joint Commission on Accreditation of Hospitals, sponsored voluntarily by organized hospitals and medicine at the national level, has been fairly influential in upgrading quality of care through the establishment of approval standards and their application on an individual hospital basis. Prime attention is given by the Commission to medical staff organization and operation.

To date the medical influence has been predominant within the hospital. Of growing importance, however, are the influences of the administration and the community. Inspired by the focus of public attention on the hospital and cognizant that cost index rises are highest for the hospital, both administrators and board members, who in the final analysis are morally and legally responsible for the operation of the hospital, are beginning to explore less gingerly tighter organization and controls. The main effort is to get medicine to establish explicit standards and police itself. As in a University where professional interests are persuasive progress is apt to be slow.

#### PREPAYMENT AND INSURANCE

Finally, the postures of prepayment, and insurance and comprehensive plans are important. These mechanisms form the main voluntary bridges between the consumer and the providers of care.

Prepayment in essence means Blue Cross and Blue Shield, both non profit institutions local in nature growing out of permissive legislation at the state level. Blue Cross historically is a child of hospitals with avowed interests in community rating, service contracts, local participation and control and contractual relations with hospitals. In its purest form it represents an effort of hospitals to collect money on a periodic rate basis from many individuals mostly in the form of groups, to pool these monies and being intimately knowledgeable of the professional problems involved to spend these monies so that the distribution and quality of hospital care is enhanced. It is based on the assumption that hospitals themselves run by public boards close to the many complex problems involved can best determine how much money is needed and how to spend it. Blue Shield was and is largely an instrument of physicians conceived and subsequently con-

trolled by them. Its hallmarks are similar to Blue Cross's. In its purest form it is conceived of as a means of making medical services more readily available to consumers. Payments are made by the plans directly to the physicians in most instances according to fee schedules and benefits worked out by the physicians themselves.

Private voluntary insurance is based on traditional insurance tenets. It is focused on the more sudden, sizeable costs and it does not pretend to cover those who cannot afford the premiums. The industry feels it sound to have many heterogeneous insurance companies competing actively for accounts and feels that monopoly has no place nor should it, in an area of such vital public and personal concern as modern medical care. It is purported that monopoly tends to become irresponsible to changing needs and demands. Insurance companies consider themselves fiduciary institutions. They are not incorporated to perform services but to pay certain sums under stipulated conditions in the event of the occurrence of the loss insured against. They hold that essentially any determination of the quality of care must rest with those professionally competent by training, tradition, and experience to arrive at such determination—and with the patient. Many tailored contracts are offered featuring deductibles, coinsurance items, experience rating and indemnity in one form or another which are, in effect, fiscal controls.

Comprehensive plans include those with physicians practicing in formal groups as integral parts of hospitals and a prepayment plan offering a wide scope of benefits. Representatives of these plans feel that the major elements of medical care must be institutionalized to achieve sufficient control.

In practice the pure forms described above are warped. Both Blue Cross and Blue Shield under heavy competitive pressure have adopted certain private insurance company practices and they have begun to swing toward public rather than provider orientation faced with the prejudices of key consumer groups and the need to be responsive in the selling market place. Private voluntary insurance has offered contracts for routine care such as pregnancy also under competitive pressure and actually offered comprehensive rather than indemnified contracts at points. Comprehensive plans have had to cut back on full benefits and compromise the concept of all physicians on salary.

In terms of concrete controls Blue Cross utilizes two techniques mainly, i.e., standards and dollar limitations. Several plans insist on

uniform accounting among hospitals. The degree of uniformity is relative. A few are beginning to develop broad criteria for participating status such as non profit ownership, evidence of local need, organized medical staff, and minimum services. Several impose area limits on per diem costs and screen admissions to see that they are within contract limitations.

Most Blue Shield plans screen admissions to see that they meet the letter or spirit of the contract, set fee schedules and watch gross violations of normal procedures.

Insurance companies rely heavily on the consumer to watch out for his own interests and resort mainly to policing of contract provisions.

All three resort to educational programs to persuade the doctor and the hospital of the importance of costs. The success of these efforts is difficult to measure.

In summary it can be seen that a number of formal controls exist. They stem from various sources, involve laws and regulations, money and professional standards in various proportions and they touch upon only selected portions of medical practice. On the whole they are not aggressively administered nor are they systematically coordinated. The climate is still steeped in professional prerogatives and individual initiative whether it be an individual doctor or community. Legal and fiscal controls are limited largely to upgrading practice on a voluntary basis.

#### THE FUTURE

Many existing controls in medical care are characteristic of normal market place checks and balances. A doctor or dentist can become well established if he convinces enough peoples his services are worthwhile. Consumers will buy this or that policy according to how it meets their individual needs and the like. These controls are supplemented by certain formal controls as has been discussed. Are these controls adequate?

In answering this question it must be realized that medical care is a unique domain. Health is now considered a necessity, it's no longer a question of whether people get it, it's simply how. The costs of care are peculiarly susceptible to inflation because in the providing of service there is minimal opportunity to substitute machines for labor.<sup>8</sup> And among other factors that might be mentioned national and community well being are very much tied to a healthy productive working force. In essence it is a matter of public concern subject to political as well as economic interests. In this context the controls appear

inadequate. More controls are indicated. The only matters of logical contention are, who should exert what controls over whom.

What controls is a problem. Today there is excessive preoccupation with controls over cost, use, construction, etc. based on very general impressions and measures. Recognizing that some action is sometimes better than none at all, it must be kept in mind that these controls are often useless or even dangerous unless they are tied to quality, especially where personal health is involved. Adequate controls must begin with some concept of quality.

To date the medical care field has employed four separate but not mutually exclusive approaches to the problem of controls of quality.

For the sake of a name the first might be called the statistical approach. Here data, on say clinical performance, are collected and analyzed to indentify significant variation in practice among departments, hospitals or individuals. Perhaps the best example of this is the work of the Commission on Professional and Hospital Activities, Inc., Ann Arbor, Michigan under the direction of Vergil N. Slee, M.D. In participating hospitals key information on all discharges such as sociological information, services received, diagnoses, etc. is coded. Code sheets are sent to the Commission where the information is punched on IBM cards and then run comparing one hospital with another or one doctor with another, controlling on selected variables. The approach has the advantages of using available data from the medical record, of having available large quantities of data, and of signalling the need for more definitive investigation through judicious breakdowns controlling on such key factors as age, sex and diagnosis. There are some inherent limitations. The routine data supplied often do not produce sufficient relevant control variables to make definitive comments on quality possible and as a result certain differences are apt to be concealed. And in the absence of alternatives the norm is apt to be sanctified. Whereas it represents present practice, its relation to quality remains obscure within the approach.

The second approach might be termed the case approach. Although this approach has many variants its essentials are a review of selected cases by experts in the content area and the use of formats to highlight points of emphasis. For example, a probability sample of surgical records might be examined by inside or outside surgeon auditors paying attention to factors such as adequacy of history and

<sup>8</sup> Brown, Ray E., "The Nature of Hospital Costs," *Hospitals*, April 1, 1956, p. 36.

physical, support for diagnosis and relevancy of procedures ordered. Scales such as excellent, good, fair and unsatisfactory might be employed to rank all cases, parts dealing with diagnosis or other divisions. This approach to quality determination has had wide acceptance among physicians.<sup>9</sup> It has two main advantages, i.e., because of the intensity of review by knowledgeable persons relevant material is not apt to be overlooked and secondly, physicians are likely to have confidence in the results. Regarding the latter point it should be noted that the approach fits the traditional physician prejudice that each case is different (or a closely allied feeling that medicine is an art comprehensible only to those who practice it). The approach also has disadvantages. It is apt to be subjective and to involve tendencies to rationalize differences. In the absence of specific criteria it is difficult to duplicate or to evaluate in retrospect. Comparisons among institutions are difficult, if not impossible.

The third approach involves the development of criteria by experts. Here physicians with specialized knowledge establish criteria of good practice drawing upon a practicable blend of personal experience and the literature. These criteria, flexibly conceived to cover extenuating factors such as age and complications, are applied by other professionals to records and judgments made about effectiveness of practice. As in the second approach often the attending physician is interviewed to overcome the limitations of the record and for educational purposes. The establishment and application of criteria have had relatively little use.<sup>10</sup> This approach, however, has some key advantages. It reflects best thinking. It is objective. The criteria or

<sup>9</sup> Becker, H. F., "Controlling Use and Misuse of Hospital Care," *Hospitals*, Vol. 28, No. 12, December 1954, pp. 61-64.

Colwell, A. R. and Fenn, G. K., "Standards of Practice of Internal Medicine: Methods of Judging Its Quality in Hospitals," *Annals of Internal Medicine*, Vol. 51, No. 4, October 1959, pp. 1-12.

Myers, R. S., "A Technique for Evaluating Professional Activities," *Hospital Progress*, Vol. 38, No. 8, August 1957, pp. 42-44+.

Daily, E. F. and Morehead, M. A., "A Method of Evaluating and Improving The Quality of Medical Care," *American Journal of Public Health*, Vol. 46, No. 7, July 1956, pp. 848-854.

Rosenfeld, L. S., "Quality of Medical Care in Hospitals," *American Journal of Public Health*, Vol. 47, No. 7, July 1957, pp. 856-865.

Peterson, O. L., Andrews, L. P., Spain, R. S. and Greenberg, B. G., *op. cit.*, pp. 9-17.

*Report of the Committee on Measurement of the Quality of Medical Care*, Department of Medicine and Surgery, Veterans Administration, Washington, D.C., April 1959.

<sup>10</sup> Lembcke, P. A., *op. cit.*, pp. 646-655.

*Study of Hospital and Medical Economics, op. cit.*

standards are developed prior to evaluation and by different people. They are consistent and can be duplicated by diagnosis and by hospital. They give substance to the concept of norms and still leave room for some individual interpretation. There are certain disadvantages. With medical science changing rapidly they must be kept up to date, overly long use must be guarded against. Some physicians are apt to resist the use of standards as has been mentioned even though this approach represents a very reasonable compromise between the two extreme notions that on the one hand each case is different and on the other hand patients can be subjected to machine analysis. And this approach takes time and money, more than the first two mentioned.

The last general approach might be called the longitudinal approach. Here cases are reviewed over time so that the degree of recovery can be evaluated in terms of the original objectives and diagnosis. Too little work has been done in this area,<sup>11</sup> more needs to be done. The approach has the advantages of measuring cause and effect and of casting considerable light on the validity of procedures and practice. On the debit side it takes time and often costs considerable money because it requires the establishment of many new procedures and points of evaluation especially among transient populations (which are increasingly common).

The four methods used are potentially useful in exercising control over quality and in arriving at criteria of quality. More research is needed, however, to improve the methods and to develop new criteria of quality. The work will not be easy. A practicable blend of content and methodological skills will be required currently available in few institutions and departments. More special training will be necessary in such areas as medical sociology and medical economics.

Should we be afraid of the consequences of more definitive criteria and controls? Will this lead to "socialized medicine" as feared by many physicians, or to unrightful lay interference in medical practice? Controls and criteria per se cannot lead in these directions. The essence of these problems is who controls whom.

Undoubtedly several quarters will continue to exercise controls. How much control will come from outside the medical profession will be determined in part by decisions made in the social, economic

<sup>11</sup> Querido, A., "Forecast and Follow-Up, An Investigation Into the Clinical, Social and Mental Factors Determining the Results of Hospital Treatment," *British Journal of Preventive Social Medicine*, January, 1959, Vol. 13, pp. 33-49.

and political arenas surrounding medical care, some of them perhaps incidental to foreign purposes, but also to a great extent by how much initiative is shown by the profession. In this latter regard the physician must accept three points, 1. more controls are necessary to satisfy the consumer; 2. expert research and administrative help will be necessary to do the job right and 3. some controls must emanate from lay sources, particularly those that involve large amounts of money or affect large numbers of people.

How much control will come from outside the voluntary system will be determined by the acceptance of greater responsibility by physicians and also by hospital boards and administrators, hospital organizations and prepayment and insurance plans. Each must exploit as fully as possible the development of standards and the incorporation of these standards into administrative procedures. And each must consciously relate its program to the program of others. Should the coordination of approaches become too great a problem some formal mechanism such as a state-wide planning agency with combined voluntary and government representation will become necessary.

As far as whom will be controlled the principal target must be the physician. An appendicitis cannot exist without a physician nor can it be cured without him. An admission to a hospital, services and discharge all require physician initiative or sanction. A hospital cannot be illogically located without his cooperation.

#### SUMMARY

In summary spiraling medical costs and the essential nature of medical care have created a strong interest in medical care controls. Present controls do not provide sufficient assurance that billions of dollars are being well spent. More need to be developed. The greatest gap in our present knowledge is proper measures of quality. Unless they are developed further formal controls may be useless or dangerous. Controls once developed must be administered. The greatest gaps here are that many physicians are failing to accept their new economic responsibilities, public voluntary boards are too timid about the enforcement of standards and there is an absence of coordination of existing controls either on a formal or informal basis.

How effectively the problem of control is solved may determine to a large degree the longevity of the voluntary system.

## DISCUSSION

R. B. O'CONNOR, M.D.

*Medical Director  
United States Steel Corporation*

We have been privileged to hear this morning two major contributions to the literature of medical care—one on research by Dr. Anderson and one on controls by Mr. McNerney. Each of these papers is a very concentrated consideration of the respective subject and deserves rereading and study when the transactions of this meeting are published.

It is to be expected that as a physician I would accept and digest all the meat in the "high protein diet" these papers present, with the special enzymes and ferments found in the digestive tract of a doctor.

Mr. McNerney says that controls in medical care are a must, but that application of controls may be useless or even dangerous unless the element of quality of medical care is considered. Dr. Anderson states that more research is needed, especially research that is developed objectively and interpreted with candor, and especially research involving the question of quality of medical care.

It is to this question of quality that I would like to direct your attention for a few minutes.

There are those, for example, who feel that using a prepayment, group practice plan instead of the traditional solo practice, fee-for-service method of medical care, will produce "more medical care" for the same amount of money. Let us suppose, for the moment, that it may do so. Let us suppose, too, that free and ready access to the group produces such a heavy case-load on the physicians that they do not have adequate time for proper attention for each visit of each patient, and thus the quality of medical care deteriorates. I do not know that this happens, but let us suppose for the moment that it does. We would then have more visits of more people to the doctor for the same amount of money, yet each visit would receive medical attention of poorer quality. Would you consider that this was a better way of prepaying for medical care for yourself and your wife and children? Remember, I have not been citing facts here. I have been posing suppositions, in order to point out what to me is a very vital fact. Studies of numbers and statistics are not enough. Consideration of quality must be included in medical care research. The numbers game in medical care otherwise may be very misleading.

Much has been written and spoken about the higher incidence of hospitalization and surgery in the solo practice, fee-for-service plans, and the lower incidence of these in the prepayment group practice plans. Five weeks ago I had an elective operation on my left ear to regain hearing loss due to otosclerosis. It is a newly-developed, microsurgical technique, and in Pittsburgh only one physician is able to perform it. It would be impossible for me to convey adequately to you what it has meant to me to have my hearing thus restored almost to normal. Yet it has also meant that I have thus added to the incidence of hospitalization and surgery of our company's group insurance experience. This was not an emergency procedure. It was not life-saving. It has nothing to do with my general state of health, nor do I expect it to affect morbidity or mortality experience. Thus it will not appear as beneficial in any of the usual statistical indices.

Now let us return to suppositions. Suppose that instead of our present plan, we in our company prepaid our medical care to a group practice whose surgeons either were unable to perform this operation or did not refer such cases of otosclerosis to men who could. Again remember, I am merely making a supposition to prove a point. If that group practice plan had a lower incidence of hospitalization and surgery, do you think that I personally would feel it was a better plan than our present one? I am not here attempting to say that the lower incidence seen in many group practice plans is necessarily due to lack of elective surgery for otosclerosis. I am using this example to express again the fact that statistical studies of medical care may be meaningless, or even misleading, unless the element of quality is included.

Dr. Anderson has pointed out this fact of a high incidence in one medical care plan and low incidence in another. He has stated that no one knows what the optimal incidence is. I agree with him most heartily. Yet there are those who are drawing conclusions despite the unavailability of such knowledge. Some say, with conviction, that the higher incidence represents abuse. Might not the direct opposite be true, that the lower incidence represents lack of some elective surgery that could materially benefit the patient? No one actually knows what is optimal.

In Mr. McNerney's paper he pointed out how seemingly unconcerned the medical profession has been to problems in the socio-economics of medical care, that have appeared urgently in need of attention to a great many other people. The physician, by training

and by his devotion to his profession, has been steeped in clinical medicine. Add to the tremendous task of keeping abreast of scientific advances in medicine, the time-consuming, all-encompassing necessity to devote himself to the needs of his patients, and we find that the average physician, I think understandably perhaps, has given relatively little thought to the medical economics of our changing times. However, there is an old Hungarian proverb that I think is relevant here. It goes something like this: "If one person calls you a horse, laugh at him. If two people call you a horse, think about it with concern. If three people call you a horse, you had better buy a saddle." I think that the medical profession is well on its way to the saddle shop. The well-known San Joaquin Valley Plan and the Marshall Plan of Western Pennsylvania are but two examples of efforts by organized medicine to adapt the traditional solo practice, fee-for-service system to the changing economics of medical care. I feel one can confidently expect that more such efforts will soon be underway by the medical profession.

There is a potentially dangerous hobby being practiced by some, of engaging in arm-chair philosophizing and, then from this, planning a complete restructuring of medical care. For example, it seems logical that, since prepayment to a group practice plan means that the same amount of money will come to the physicians whether the individuals eligible for the plan are sick or well, and since sickness means a greater load on the doctors, they are thus encouraged to practice preventive medicine to help keep people well. This would be salutary indeed, except that it does not happen. Objective students of prepayment group practice plans find that, while a few group plans may include a bit of preventive medicine, others, including some of the notable ones, are not actually practicing preventive medicine at all.

In somewhat the same vein, it has been thought—indeed stated widely by some—that if an individual could go to his physician, in the first instance, without any out-of-pocket cost to himself, what has been called "the dollar deterrent" would be removed and he would see his physician earlier in the course of an ailment. Thus more serious conditions and disablements would be prevented. Yet physicians practicing in situations in which no "dollar deterrent" exists are chagrined that they continue to see advanced tuberculosis and inoperable cancers. Removing that first-dollar payment does not appear to produce preventive medicine, either.

What is sorely needed are facts, rather than philosophizing. Re-

search can be a means of finding facts; further, from these facts, conclusions can be drawn; further still, from these conclusions sensible plans for action or change can be developed. There are some who, on the basis of present knowledge, have reached the conclusion—nay, the conviction—that a complete restructuring of the medical care system of this country is now in order, despite the fact that Dr. Anderson has stated authoritatively that more research is needed, especially regarding quality, and Mr. McNerney has warned that controls without consideration of quality may be dangerous.

I feel that both of these experts have here made a major contribution to a better understanding of the problems of medical care, and I wish to congratulate both of them on the excellence of their papers.

JAMES BRINDLE

*Director, Social Security Department  
U.A.W.*

The papers just delivered by Dr. Anderson and Mr. McNerney give in some detail an excellent picture of the problems facing us in research into the social, economic and organizational aspects of medical care and of the need to develop reasonable and adequate controls over operations in this most difficult and important field. Each of these men is an outstanding national authority on his subject and their papers show a very considerable amount of sophistication about operations in these fields.

Dr. Anderson himself lives up to the specification that, to quote him, "research personnel . . . have a sufficiently intimate knowledge of the problems and issues in the administration of health services today so that they can formulate and design research projects in direct relation to these problems and issues." As Dr. Anderson so well says: "Social research in the health field too often misses the mark because of inadequate formulation of the research problem and lack of candor in stating what the findings mean."

On one point I disagree with him. He characterizes the 1940's as a period of "polemics over political issues," and indicates that research is not useful during heated debate. If he is correct in this—and I cannot believe he really means it—then research in these fields will never be profitable because there is bound to be continuing

heavy debate. Certainly the next year will see high controversy over a federal program for financing health care for the aging.

Despite continued disagreement, I think that some recent studies are credible to those on both sides of the argument that still rages. National Health Survey figures are accepted by official medicine with very few reservations, and the Health Insurance Council's data are certainly used by labor.

I also have a small quarrel to pick with Dr. Anderson when he talks about the necessity for answering questions about the controls on enrollment and limitations on benefits in health insurance. Actually I believe we must find ways in the development of health insurance to universalize enrollments and vastly extend benefits. Certainly we need to see how our present mechanisms work, but I would hope that we could drop the search for further limiting devices.

Especially I would like to see authoritative studies of the income of physicians by specialties and an evaluation of the patterns of medical practice that relate to medical services performed in the hospital. Right now there is a very important controversy between the hospitals and practitioners of certain specialties like radiology, anesthesiology and pathology and there is a lot of nonsense being spouted about the dangers of corporate practice and the deterioration of medicine in salaried practice. A real job of quality evaluation and the income under various arrangements for services by these specialists would, I think, be very revealing. It would serve to show that the problems in this area are probably more financial than medical.

Mr. McNerney has done an excellent job of specifying the kinds of controls that operate in the administration of medical care and pointing out their potential and their limitations.

I believe that his characterization of labor's views on the subject of health insurance and government action on health programs are vastly over-simplified. He does not give enough attention to the growing community of interest between labor and industrial management in this field. Actually, through collective bargaining, both labor and management are learning that they face common problems and there is a growing disposition to work together on health care matters.

McNerney makes an extremely valuable contribution in citing the effectiveness of the existing controls that operate within the hospital and the health industry. Too many people believe that because licensing and medical review schemes exist, they work well. Actually, as McNerney points out, they are not nearly as good as advertised.

I have one serious problem with a series of statements made in this generally excellent paper. I cannot credit the 9.7% figure for discharges involving over-stay, nor the 6.9% involving under-stay in general hospitals as representing a reasonable appraisal of over- or under-utilization. Elsewhere in his paper and in Dr. Anderson's material, other studies are cited. They usually show a substantially greater amount of unnecessary hospitalization. An earlier Michigan study places the figure at something like 20% and informal discussions with physicians often give an indication of substantially more over-utilization than the study supervised by McNerney is apparently bringing out. Also Hunterdon, N.J., Baltimore and Kansas City studies of the amount of disability that exists in a population make the 6.9 figure for under-stays quite unrealistic. Figures like these, it seems to me, tend almost to whitewash a problem which needs very serious attention.

I would say however that Mr. McNerney puts his finger on the central difficulty of health care administration when he indicates that physicians are principally responsible for abuses of health insurance and that it is they who need to be controlled. I would like to repeat his statement on this point. "As far as whom will be controlled, the principal target must be the physician. An appendicitis cannot exist without a physician nor can it be cured without him. An admission to a hospital, services and discharge all require physician initiative or sanction. A hospital cannot be illogically located without his cooperation."

I think also that Mr. McNerney makes a very important point when he calls for quality orientation in controls over medical practice. From the point of view of a major labor union, we are certainly in agreement on this point. We reject the fiscal and accounting approach to control in this field.

In closing I would like to congratulate each of these men for a splendid contribution to a better understanding of one of America's most difficult problems—how to make the United States the first major industrial country to develop a successful voluntary health insurance system. We have a long way to go, but papers like these will be of immeasurable help in the process.

WILLIAM H. WANDEL

*Director of Research  
Nationwide Insurance Companies*

We have been treated to two very thoughtful papers, both rendering invaluable service by providing perspective—one with emphasis on the historical, the other on the current panoramic—with which to view the need and outlook for studies in the medical care field. Dr. Anderson, on the basis of his historical review, feels that we are now entering a period of consolidation in medical care and health insurance and sees the central question to be reduction or containment of costs—a question that is to be answered by rigorous, objective and candid research into the administration of health agencies. Dr. McNerney on the basis of his review of current practices and attitudes also believes that existing controls are not adequate, that they will have to comprehend quality as well as cost and utilization, and that studies are urgently needed, at least along the four approaches he examines.

I view the current period as one demanding evaluation rather than consolidation, partly because in certain respects developments to date have not evolved to the point of consolidation. I also feel that in considering the field of research in medical care, with special reference to health insurance, thought should be given to areas outside of cost and quality control.

Implicit in these papers is a conclusion that unless increases in medical care costs are brought to a halt, the growth of health insurance is at an end. I would not suggest that cost and quality control are less important than indicated by Dr. McNerney and Dr. Anderson. Certainly the need for such control is a matter of deep concern to insurers and I would like to think that there is more action to control costs than Dr. McNerney has indicated. In the running debate on experience-rating versus community rating, wherever the net advantages lie, it may be argued that experience rating provides a strong incentive to identify and bring under control utilization and costs which are medically unjustifiable. Ways are constantly being sought to deal with the problem, not merely by relying on the patient, but by direct negotiations with the providers of medical care. Admittedly this activity relates more to cost and utilization than to quality.

However, I think there is room to justify research into extensions of coverage which are possible in spite of a failure to control costs

satisfactorily. With only 25 to 36 percent of private medical care expenditures being met by insurance (depending on the benchmark used), the pressure for more complete coverage can be expected to continue.

The growth in health insurance income and expenditure still exceeds increases in costs and continues to show some net gain. There is also some evidence that consumers are still saying "yes" when asked "will you pay more for more protection?" And does not the experience of the British NHI Scheme demonstrate that an insurance plan does not grind to a halt simply because its costs go up? Higher costs—to the extent justified by bona fide increases in costs of production and by the improved accessibility to care which health insurance, not surprisingly, affords—can and will be met.

Therefore, consideration should be given to

1. Areas of uninsured costs, e.g., dental, mental illness, prescribed drugs, home and office care.
2. Areas of uninsured persons, with emphasis on the elderly, the non-employed and low income groups.
3. Means of attaining a higher degree of basic uniformity or consistency in existing coverage.
4. Ways and means of financing costs, to whatever extent they are controlled.

Making progress in meeting these needs is handicapped by the existence of a number of conditions and problems which need the objective candid research that Dr. Anderson refers to:

1. Basic differences in approaches used to finance medical care—by governments out of taxes (for veterans, the indigent and other special groups); by the service and community-rating approach of the Blues; by the indemnity and experience rating approach of so-called commercial insurance; by the comprehensive, including preventive, service approach of the group practice direct service plans.
2. The relation of the growth of health insurance to general economic conditions, perhaps more sensitive than some of us have realized.
3. The existence of an uneconomic and unsocial duplication of protection for certain groups in the population. This over-insurance is of sufficient magnitude to cause concern by insurers, the National Association of Insurance Commissioners, providers of care, and the public.

4. The lack of coordination in forms of intervention taken by both the government and organized insurers and organized providers of medical care. Examples: the Hill-Burton Act; the Medicare Program; agreements on fees for care of the indigent; development of "relative value schedules" and auditing by medical societies, undertaken by private arrangements; the Medical Assistance for the Aged program.
5. The need to achieve a clearly defined relationship between tax-supported medical assistance programs and health insurance.
6. The tendency to develop new areas of coverage independently of other medical care coverages. Reference is made particularly to dental care and prescribed drugs. Akin to this tendency are the efforts of various medical specialties to fragment charges for medical services.
7. An uncertain and undefined relationship between cash payments for disability and payments for medical care.

In spite of the college debates and the drive for government-supplied health insurance for the aged, it may be that the issue today is not so much government sponsorship vs. private sponsorship, as it was in the immediate post-war period, but rather what forms of privately-sponsored plans are to prevail. The health insurance plan for federal employees may prove a major testing ground. This contest also has significance because of the strong possibility that if and when health insurance becomes compulsory for large segments of the population, private agencies will be chosen to administer it.

I would hope that in this research attention would be given to workmen's compensation experience with medical care and to foreign experience. Lessons are to be learned from foreign experience other than that of England, especially of those countries where organized medicine has accepted a primary responsibility for supervising the quality and cost of care provided under insurance schemes.

Health insurance today is at a crossroads and the direction it will take will not be determined solely by demonstrations of the forms of medical care organization and quality and cost controls which are most effective medically and most economical. Vested interests are too deep-seated to permit this to be true. However, this unpleasant fact emphasizes rather than detracts from the need for the continuing persistent careful research called for by Drs. McNerney and Anderson if the public interest is to be served.

MICHAEL T. WERMEL

*University of Hawaii*

At a time when medical science can perform miracles of healing and life saving, the nation's medical institutions and the structure of medical practice appear to be facing a financial, social and philosophical crisis.

Two very significant trends are contributing to the present turmoil in the world of medicine. One of these is the trend of enormous advances in knowledge due to great progress in medical science and technology. The other is that social factors appear to interfere with the proper application of this knowledge.

Scientific medicine has achieved miracles in the direction of alleviation, if not control of disease. We have a much better understanding of the nature and origin of great epidemics. The resistance to infectious agents has been greatly increased through vaccination. Great strides have been made in modern anesthesia and surgery. Practicing physicians are being supplied with powerful drugs and hormones as a result of great progress in chemistry, physiology, and industrial micro-biology. From quinine to tranquilizers—a parade of drugs such as insulin, cortisone, penicillin, a whole world of antibiotics, drugs which alleviate pain and sometimes even cure disease—have been placed at the service of the physician and through him at the service of humanity.

Esoteric specialties have grown up, diagnostic procedures have become not only more effective but more costly and more demanding of cooperative effort among many specialties. The range of achievement has increased tremendously and so has the cost of providing first-class medical care. In addition, the cost has of course been also greatly affected by the general inflationary trend during recent years.

The two excellent papers by Dr. Anderson and Dr. McNerney both place strong emphasis on the problems resulting from the rising costs of medical care. The three discussants who preceded me, while looking at the problem from somewhat different points of view, nevertheless all agree that the issue of control stems very largely from the rising cost of medical care.

I, the last of the four discussants, should like to emphasize a point which my colleagues were kind enough to touch upon only lightly. In recent years there has been a very great increase in the ability to demand medical and hospital services. The spread of medical, surgi-

cal and hospital coverages through collective bargaining agreements, and group insurance plans of a wide variety, paid for either fully or in part by employers, as well as the continuous expansion of government medical facilities and services, for example to veterans; created for millions of individuals and families "an effective demand" for medical and hospital services on a scale far greater than ever existed before. Prior to the spread of these employee benefit programs this "effective demand" simply was not there, although the need no doubt existed and may even have been greater than it is now. The important thing is that this enormous increase in "effective demand" has not been accompanied by anything like a corresponding increase in supply. The ability to provide medical, surgical and hospital services simply did not keep pace with the ability to demand such services. The number of doctors, hospital beds and other facilities did not expand at the same rate as the ability to demand such services and facilities. This discrepancy between "effective demand" and supply created a strong inflationary force, exerting a powerful pressure to increase the prices of medical services and facilities.

So on the one hand there has been an enormous increase in medical knowledge and scientific potentials leading to greater expectations on the part of the public and changing profoundly the public attitude with respect to medical care. On the other hand there has been a great increase in "effective demand" for medical services without a corresponding increase in the supply, thus creating a powerful pressure to increase the prices of medical care at a time of changing public expectations and attitudes.

What is this profound change in expectations and attitudes?

It seems that more and more the American public is coming to regard good medical care as something to which every individual has a claim. While very substantial differences in the various components of the standard of living such as housing, clothing, automobiles, and entertainment are accepted and respected, this attitude does not seem to extend to the benefits of modern medicine. The feeling here seems to be that when scientific medicine makes available a procedure or a treatment which can alleviate pain or prolong life, no matter how costly this procedure or treatment may be, the social framework within which medicine is practiced must be sufficiently flexible to accommodate its application to the needs of everyone.

Advances in medical science and technology, the generally higher living standards, developments in industrial relations and collective

bargaining, leading to the widespread establishment of employee benefit programs, social legislation which has been enacted during the past generation,—all these factors have contributed to the change in public attitude towards medical care.

However, the social framework within which many physicians prefer to continue to practice medicine appears to be no longer able to accommodate itself either to the kind of medicine that needs to be practiced today or to the existing needs. Changes in patterns of practice are of course taking place. The old family physician is becoming a factor of less importance in the practice patterns of the larger cities. New specialties are constantly appearing. Newer and more effective patterns of group practice are being sought and formed. The framework of medical practice is being adjusted to the fact that a large and growing number of patients, are non-cash patients, but individuals covered by various forms of insurance and group arrangements. These changes however are too slow. Impressed by the possibilities and the promise of medical science and technology, exasperated by the inability to meet the problem within the familiar framework of previously existing arrangements, there is widespread frustration and this frustration takes the form of a clamor for more and additional controls.

I agree with Dr. McNerney that the medical profession, no more than any other profession, has any inherent right to self determination, that more controls and more stringent controls are in the offing, and that the numerous gaps which exist today must be closed, as quickly as possible, if excesses are to be avoided in the application of these controls. Fortunately there are growing indications that the profession is beginning to recognize this task as the main challenge to medicine in the coming decade.

I am deeply grateful to Dr. Anderson for his illuminating description of past achievements in the field of economics and sociology of medical care. His analysis pulls together a great deal of interesting and valuable experience.

What impressed me most, however, is Dr. Anderson's discussion of the social and economic research in the field of medical care and the kind of planning and policy formulation that is needed now. The substantive areas of research recommended by Dr. Anderson are substantially beyond my sphere of competence to comment on. I would, however, like to make this observation. There appears to be a critical shortage of trained research personnel who combine suffi-

cient substantive knowledge of the field of application with reasonable competence in modern statistical and research methodology. This shortage is felt not only in the field of medical economics, but in such other related areas as health insurance, workmen's compensation, unemployment insurance and the like. May I suggest that the development of cadres of competent research personnel is a task deserving serious attention and meriting a high priority.



**Part IV**

**THE PRESENT STATE OF THE  
INDUSTRIAL RELATIONS FIELD  
IN UNIVERSITIES**

# UNITY AND DIVERSITY IN INDUSTRIAL RELATIONS EDUCATION: THE REPORT OF THE IRRA SURVEY

MARTEN S. ESTEY

*University of Pennsylvania*

This report is the outgrowth of demands for a survey of current patterns in college and university education in industrial relations, which would provide information on such topics as undergraduate and graduate curricula, the number and quality of students, and significant trends in research and instruction. In giving it this year, I might add, we are following past practice, which in this organization has consisted of hearing a report on some aspect of industrial relations education in even-numbered years.

As many of you know, a detailed questionnaire on these and related questions was sent early in June, 1960, to some 175 colleges and universities in the United States and Canada. Replies were received from seventy schools, or forty percent of those to which the questionnaire was sent. Although no attempt was made to secure a statistically representative sample, questionnaires were sent to and replies received from liberal arts colleges, state and municipal universities, business schools, engineering schools, and the major industrial relations centers and institutes. The report accordingly attempts to classify the experience and the practice of a group of colleges and universities, many of which are the recognized leaders in industrial relations education and research.

## UNDERGRADUATE CURRICULUM

It is perhaps no surprise to learn that the two most popular undergraduate courses in industrial relations in the seventy schools responding to the survey are personnel administration and labor economics. Fifty-five schools, or 78 percent of the total, offer personnel administration, and fifty-four, or 77 percent, labor economics.

Next come collective bargaining, offered by 39 schools, or 55 percent of the total, and labor law, given by 33 institutions, or 47 percent of those reporting.

If we use frequency as the standard, these four subjects may reasonably be described as the basic undergraduate courses in industrial relations. Together they represent 181 offerings, or nearly half

the 372 undergraduate courses reported by our respondents; they comprise the heart of undergraduate instruction in the field.

Other major industrial relations courses, and the number of schools offering them, are as follows: psychology, 23; human relations, 23; sociology, 19; social security, 16; labor problems, 16; and labor relations, 16. Many other courses are offered but none was reported by more than ten institutions.

That the two leading courses are characteristically taught in separate departments, by separate faculties, and with clearly divergent objectives and approaches suggests that the subject matter of industrial relations is not a cohesive unit, but a dichotomy. This view is strengthened by a look at the clustering of course offerings in the departments of economics and of business administration. One hundred and thirty-one industrial relations courses, or 35 percent of the total reported in the survey, are offered by departments of economics, and another 104, or 28 percent of the total, in departments of business administration or management. Together, these two departments provide nearly two-thirds of the total course offerings in the field.

Other distinct course clusters, related both by subject and by departmental identification, are those in sociology and psychology. On the other hand, although a number of industrial relations courses are given in engineering schools, they seem to lack a clearcut identification with engineering *per se*, and tend to be similar to or interchangeable with those given in business administration departments, and accordingly do not form a cluster.

Although the courses which cluster around the key subjects of labor economics and personnel administration are well known, it should not be assumed that the departments of economics and of business administration have achieved exclusive jurisdiction over a particular course or cluster of courses. Thus even labor economics is occasionally offered in a department of business, and personnel administration in economics. Certain courses, furthermore, tend to be shared by these departments and to serve as a bridge between them. Thus although the majority of courses in collective bargaining are located in economics departments, over one-third are given by departments of business. Similarly, courses in labor relations are almost equally distributed between business and economics departments.

The ranking of individual courses, interesting as it may be, gives no clue to the overall curriculum structure or the variation in the

size and content of the "package" of industrial relations offerings in the individual school.

The number and content of undergraduate courses offered by a single institution varies widely. At one end of the scale is the small liberal arts college which offers a single course in labor economics or labor problems, or one of the two plus a single course in personnel administration.<sup>1</sup> At the other end of the scale are the more than twenty-five courses in industrial relations available at the University of California (Berkeley), including offerings in such departments as business administration, economics, engineering, political science, psychology and sociology, or at Cornell where a comparable number and variety of courses is provided by the School of Industrial and Labor Relations.

In between these two extremes, a representative package would consist of seven or eight courses including three in economics (labor economics, collective bargaining and labor law), three in business (personnel administration, human relations and wage and salary administration), and a course in industrial psychology or industrial sociology.

#### GRADUATE CURRICULUM

Approximately half of the seventy reporting schools offer graduate courses in industrial relations. Of this group of thirty-six schools, 21 have programs leading to a Ph.D., while in 17 the Master's degree is terminal.

Graduate curriculum patterns in many ways resemble those of the undergraduate programs. Thus the four courses which we have described as the basic undergraduate courses are also the subjects of the leading graduate courses, and even retain the same rankings. Accordingly, we find 30 courses in personnel management, 28 in labor economics, 27 in collective bargaining and 22 in labor law.

Indicative of the greater degree of specialization at the graduate level is the fact that these four subjects collectively represent slightly over one-third of the graduate course offerings covered by our survey, as compared to nearly fifty percent of undergraduate offerings.

What might be called the second rank of courses also closely resembles the undergraduate pattern, though their order varies some-

<sup>1</sup>The Pierson report shows that among 119 liberal arts colleges covered by his survey, 55 offered a course in labor economics, 54 personnel management, and 53 labor problems. See Joseph D. Coppock, "Preparation for Business in Liberal Arts Colleges," *The Education of American Businessmen*, Frank C. Pierson, *et al.* (New York: McGraw-Hill, 1959), pp. 674-676.

what. Here are 22 courses in industrial relations, 19 in human relations, 14 in trade unionism and union government, 12 each in psychology and sociology, and 11 in foreign and comparative labor movements.

The clustering of courses in economics and in business administration also extends from the undergraduate level into the graduate program, with 106 courses, or 34 percent of those reported, being offered in economics, and 80 courses or 25 percent, in business administration.

The fundamental differences between the undergraduate and graduate programs are reflected here only in the extent of specialization. The number and variety of offerings is substantially greater at the graduate level, as shown by the fact that while no undergraduate program was reported to afford as many as thirty specialized courses, the range of graduate offerings in a single institution exceeds fifty courses.

#### CHANGES IN CONTENT AND METHOD

To add a third dimension to this brief sketch of the industrial relations curriculum, let me say a word about reported changes in this area. Among the many courses added to the curriculum in the past five years, the two most frequently reported are Human Relations and Comparative Labor Movements. And at least two schools have reinstated that old favorite, labor history.

The case method was most frequently reported as an innovation in teaching method, despite the fact that the record shows it was used as early as 1905, in John R. Commons, "Trade Unionism and Labor Problems."

In terms of emphasis and approach, it seems to be the consensus that the most significant change has been the spread of the interdisciplinary approach, which is simultaneously applauded as the major improvement of the past decade, and the proper direction to pursue in the future.

Other shifts—not yet trends—are first, an increase in attention to the public policy aspects of industrial relations, and second, a growing interest in the relationship between economic development and labor management patterns.

#### THE STUDENT BODY

Data on the quantity and quality of students in industrial relations show no single trend but vary from one institution to another.

At the undergraduate level, only one-fourth of the schools surveyed indicated any substantial changes in the numbers of students in the past ten years. Two-thirds of this small group, however, reported decreased enrollment in industrial relations courses and in industrial relations majors.

Information as to the number of master's degrees in industrial relations is even more sparse, but we can report that two out of three leading industrial relations centers that furnished comparative data for the period 1950-1959 granted more master's degrees in the period 1956-60 than in 1950-54. Perhaps the demand for what one respondent refers to as "journeymen" is rising!

Both the survey and the annual reports in the *American Economic Review* point to one conclusion: the output of Ph.D.'s in industrial relations is shrinking.

Seven leading schools furnished us with statistics on degrees awarded in the past ten years. In the period 1950-54, these schools granted a total of 125 Ph.D.'s to students in industrial relations. In the period 1956-60, they granted only 57, a decrease of more than 50 percent. None of the seven schools, furthermore, reported an increase in degrees awarded during this period.

*AER* lists show 193 Ph.D.'s in industrial relations granted in the period 1950-54, but only 149 in the period 1956-60, a decrease of roughly 25 percent.<sup>2</sup>

Does the decline in the supply of new Ph.D.'s in industrial relations represent a serious problem for the future of industrial relations education? On the face of it, it seems that we should not accept lightly the fact that the supply of new educators is dwindling, just as the enrollment boom is upon us. But if both undergraduate and graduate enrollment in this field are dropping, as our findings suggest, perhaps the smaller supply of new Ph.D.'s will suffice to meet our needs.

As to the caliber of the industrial relations student, prevailing opinion is that our best students are equal to those in any field, but the average is not equal to that of more theoretical and rigorous subjects. It is the prevailing view, too, that this problem is not ours alone; that the social sciences generally have suffered in competition with the natural and physical sciences, while within the social sciences

<sup>2</sup> The *AER* lists, of course, do not include Ph.D.'s in such behavioral sciences as sociology, psychology, and political science.

the applied and institutional fields, including labor, have been at a disadvantage in competing with the theoretical subjects.

Both the quantity and quality of industrial relations students, then, appear to reflect basic trends which extend beyond the boundaries of this particular field.

#### RESEARCH

Research and publication are of course important to the academic respectability of a particular field, for they are a measure of its intellectual vitality and energy. However, it should not be overlooked that they are also a function of the allocation of educational funds and manpower to research, and that research output is a function of academic economics.

It is, therefore, quite natural to find that in academic research in industrial relations, as in other economic activities, there is substantial concentration of output among a few major "firms." Evidence of this concentration is provided by identifying the academic affiliation of authors of articles published in the first thirteen volumes of the *Industrial and Labor Relations Review*, from October 1947 through June 1960.

During this period, the *ILR Review* published 312 articles, exclusive of discussions and comments. Among the authors were faculty members of 66 colleges and universities. Although only ten schools, or 15 percent of those represented, are identified with more than five articles each, collectively they account for 121 articles, or approximately 38 percent of the total. The five schools most frequently represented in the *Review*—Cornell, University of California at Berkeley, Illinois, Harvard, and Princeton, respectively—account for 83 articles, or more than twenty-five percent of the total output, though comprising less than eight percent of the sample population.

An even greater concentration of output by institution may be observed in the papers given at the annual meetings of the Industrial Relations Research Association, from 1948 through the present meeting. Here we find 156 papers, and among the authors, representatives of 48 colleges and universities. Ten schools, or 20 percent of the sample, account for 89 papers, or 57 percent of the output, and five schools, or ten percent of the total, are represented by 54 papers, or 34 percent of the output.

The fundamental significance of these figures, of course, is not the fact of concentration; it is what they reveal about the economics

of research. In both examples, all but one of the ten most productive colleges and universities are those which have institutionalized support of industrial relations research by means of a special industrial relations bureau, center, institute or section. This is not to imply that the only important and significant contributions to industrial relations research come from such schools—far from it. But it does seem to suggest that other things being equal, research output is a function of the resources made available for it.

#### BASIC ISSUES

From the profusion of opinions and recommendations for improving the field there emerge three basic and closely related issues in industrial relations education: (1) how much specialization is desirable, (2) how much emphasis should be given to theoretical research, and (3) whether industrial relations is a discipline.

These are the issues. Their inter-relationship is best expressed, I think, by one of the institutes:

“A major problem facing the field is the reconciliation of increasing specialization and the synthesis of the expanded interests into a coherent whole. On this would depend whether ‘industrial relations’ *per se* will eventually constitute a ‘discipline’ worthy, for example, of a distinct Ph.D., or similar professional curriculum. To achieve this . . . major concepts in the field need refinement, sharpening and systematization.”

Despite the critical importance of these issues, each is the subject of sharply conflicting opinion.

#### SPECIALIZATION

On the issue of specialization, for example, we find both an industrial relations center and a liberal arts college urging that industrial relations be dropped as a field of undergraduate specialization; a denominational school reporting a drastic reduction in the number of industrial relations courses; and a land-grant university and an engineering school warning against the proliferation of courses.

On the other hand, one industrial relations institute reports an increase in course offerings because of increased interest in the field and elaboration of the subject matter, while another reports that next fall a new curriculum will go into effect involving “increased exposure of the student in the freshman and sophomore years to the subject matter of industrial and labor relations.”

## RESEARCH

Another manifestation of the underlying problem of specialization versus generalization is the question of the most suitable approach to research in the field. The preponderance of opinion is that greater emphasis should be given to theory and less to descriptive studies; that we need a synthesis of existing knowledge and integration of empirical work and analytical tools, and that research in the field often fails to focus on important questions.

Diametrically opposite are the pleas from a southwestern land-grant college for "less emphasis on 'research' especially of the 'pure' sort, and more actual experience with what in class we talk about and try to teach," or the request from an eastern liberal arts college for "more effective research in employee-employer problems at the grass-roots level."

Somewhere between these polar positions is the frequent recommendation of more case studies, countered by dissenters who link the "almost aimless collection of more and more case studies" with "not enough integration of research already completed." Here, perhaps, is the most lively controversy over research, for the number that would welcome more case studies appears to be as great as the number who feel the need for synthesis.

## THE DISCIPLINE ISSUE

Perhaps the most challenging issue with which educators in the field are grappling is whether industrial relations is, or can become, a discipline in its own right.

Three industrial relations centers furnish the full range of opinion on this issue. One cites as a major development of the decade the emergence of industrial relations as "a professional activity," another asserts that "the field is not a separate basic discipline like economics, political science or sociology," while a third suggests the urgent need for an answer to the question, "what is the field of industrial relations?"

Recent developments suggest that the question may shortly become an academic question of great practical concern. I refer to the fact that economics, traditionally the field from which the majority of Ph.D.'s in industrial relations have come, is becoming increasingly specialized in the direction of mathematics and econometrics.

Industrial relations students, already frequently dissatisfied at

having to cope with a subject they regard as increasingly remote from their own concerns, may now find themselves in the situation in which, as one respondent put it, they are considered second class citizens. The result may be to force increasing numbers of industrial relations students to seek Ph.D.'s in other subjects, or, more serious, to abandon the objective entirely.

Whatever our quantitative needs for new talent may be, it is clear that if industrial relations education is to retain its vigor, prompt steps must be taken to insure the supply of high talent labor economists. If the discipline of economics should cease to meet this need, is there a discipline of industrial relations capable of meeting this challenge?

## ISSUES FOR THE FUTURE

NEIL W. CHAMBERLAIN  
*Yale University*

I am not quite sure whether my role is intended to be that of prophet or priest in this assignment which I accepted with both timorousness and temerity. I finally concluded that it was neither, but that instead I was being tapped to play the role of agent provocateur, a familiar if not very respected role in our subject matter area. On this assumption, I will plunge bluntly ahead in the expectation that this will provide the proper entree for the sharper thrusts of others.

When we talk about future "issues," these can fall into either of two categories. As usual, the categories are related, but they are also separable. I am thinking of the methodological problems associated with research and teaching, and the substantive issues to which the methodology is addressed. Let me turn to the methodological aspects first.

Our field is a peculiar one. We have defined a subject area with such apparent clarity as to warrant building a professional association on the definition. And yet the boundaries of that area are obscure, and the reasons for drawing them not easily rationalized. Our field sprawls, and the territory we have staked out takes in a polyglot lot of inhabitants with diffuse and often separate interests. Those who inhabit our land range all the way from people with very real and operational problems of an almost how-to-do-it nature, such as at least some who are concerned with personnel administration, to people whose interests are global in scope and abstract in focus, such as at least some of those occupying themselves with the role of labor in economic growth or in the evolutionary process of industrialization.

If one stops to consider what constitutes the bond of association between those who inhabit our professional territory, he is driven back on the thin line of defense that it includes all of those whose interests are touched by labor, whether we think of labor as a functional task, the agent who performs the function, an informal primary society of which he is a part, the formal organizations based on him and his counterparts, a social class, an historical force, a political party, or the subject of governmental regulation.

The imperialism of our claims might reasonably provoke a blush. Others might wonder whether we seek to embrace too much. From the more interesting standpoint of our own souls, we might also question what we hope to gain by taking in so much territory.

It may be true that any of the established disciplines—economics, sociology, political science, psychology—are equally farflung, but I should like to suggest that even if this is the case they possess a unifying element which we do not. Their common blood bond is a central preoccupation with certain theoretical interests—in economics, for example, with the organization of scarce resources for production, and the division of scarce resources for use and consumption. It may be that the central theoretical issues from time to time are found too constrictive and have to be shaken up and redefined, but there is always a tendency to focus on some major preoccupation, a disciplinary North Pole which magnetizes and gives focus to the otherwise diffuse interests of those who compose the intellectual fraternity, a disciplinary North Star which serves as guide and beacon to all those who have assumed the order, regardless of how far they may stray.

Even when we move away from the recognized disciplines and consider some of the broader fields of professional study, which enlist the services of all the disciplines—professional fields such as law and business—there is usually discernible a unifying interest and preoccupation. In the professional field of business administration, for example, all the diverse activities which come under that broad curriculum merge in a concentration on their various contributions to or effects on the profit-making activities of the enterprise.

I have not, however, been able to discover any similar unifying theme in the study of labor, in part, I suppose, because we have tended to mix indiscriminately the elements of professionalism and a dozen different disciplinary preoccupations. If we confined our attention to industrial relations, I suspect that it would be entirely possible to carve out a systematically related area of study akin to business administration, in which all the varied activity was concerned with the effective use of labor in business enterprise—now not from the sole standpoint of profit making, but from the several and sometimes conflicting interests of workers, managers, owners and public. But when we view our own field as including not only that line of interest but also all the scopes to which I previously referred, the field, at least for me, begins to lose its definition.

It is not my intention to argue for narrow specialization, or to

deny that knowledge of related areas is not of immense value in understanding one's own carved-out area of study. I am only questioning whether "labor" constitutes so meaningful a basis for identifying related interests that we are warranted in regarding it as a field, a subject around which learning is to be organized, institutes of research administered, and professional societies formed. Whether it may not almost be like identifying "money" as a field of study and taking in under that rubric such matters as how mints are organized to coin money, how households budget its use, governmental fiscal policy, the effect of the search for money on discovery and invention, foreign aid programs, the manner in which different types of personalities react to its possession or the lack of it, the flow of funds within corporations, the bargaining process in families, firms, and communities by which it is apportioned, laws relating to protection of people in its possession and to punishment for its theft, the banking mechanism, numismatical interests of museums and individuals, and so on—a mixed bag of interests, to be sure, but all having money as a common thread. Does labor fall in the same class as money, as a unifying bond which is in danger of being made meaningless because it is at one and the same time so universal in its presence and yet so varied in its significance?

I venture to suggest that this may indeed be the case, and that the fact that we have labor as our common intellectual gene may not be enough to create a genuine familial relationship. The word—I cannot even call it a concept, since it represents a bundle of concepts—does not create any unifying or central preoccupation, to give meaning to our association. There is no broad problem which unites us all in search for greater understanding of it. In each of its many contexts and conceptual forms, "labor" may be an instrument for organizing knowledge, but as a single enveloping interest it is without content, and no more useful in organizing knowledge than would be, for example, the effort to relate the study of money in whatever context it is found.

Again may I urge that I am not decrying the importance of understanding and drawing on as many areas and fields of knowledge as a person is capable of assimilating. I am just suggesting that intellectual progress is made only as bits of knowledge, from whatever sources derived, are put together in meaningful patterns and organized around conceptions and related to central problems. This requirement is the reason, I am sure, why each of us has retained a

kind of Oedipal attachment to the discipline which mothered us. Despite the genuine values which come from interdisciplinary or multidisciplinary approaches, I suspect each of us feels more at home and at ease in his discipline than he does in our common subject field which, though we share it in common, embraces so much territory that we find it difficult to think of ourselves as standing on the same ground. By and large, labor economists have more in common with other economists than with labor sociologists. Obviously I do not mean to assert that labor economists feel a kinship with all other economists, since as I previously noted, the traditional disciplines embrace considerable territory in their own right. Nor do I imply that the labor economist need feel particular sympathy with the direction which his discipline is taking. He may be a rebel. But there is greater comfort and assurance if rebellion takes the form of trying to import from sociology—whether labor sociology or not—concepts and materials which improve one's approach to the central preoccupation of economists, which persists and remains because it deals with a basic and inescapable facet of human organization, than there is if rebellion takes the form of attempting to lead a hyphenated intellectual existence, where the merging of disciplines succeeds primarily in blurring the search, obscuring the problem, fuzzing the issues. Similarly it would seem to me that, by and large, industrial psychologists have more in common with other psychologists than with labor lawyers, and that political scientists with a special interest in labor have more in common with other political scientists than with pension specialists.

Let me try to avoid misunderstanding by repeating that I quite agree that the psychologist should borrow from the lawyer, and vice versa, and that pension funds are important for the political scientist to know about. But I am suggesting that the relevance of the information which is derived from other fields is enhanced, not lost, by pouring it into the theoretical preoccupations which characterize the individual's home discipline. The preoccupation may need to be shifted, possibly enlarged, to be sure, but if it is enlarged to the point of losing it then one has at the same time lost the basis for organizing knowledge—unless, indeed, he is one of those rare individuals who quite consciously eschew a hyphenated and diffuse assembly of knowledge and seek a new basis for the systematic organizing of knowledge, a challenge so demanding that most of us do not have the perception and even the physical stamina to pursue it.

If what I have been saying has any validity, then it should be the case that whenever the broad and persisting problem areas, such as the marshalling of scarce resources for production and their subsequent distribution, become more persisting and pressing, the Diaspora of the relevant disciplines is reversed, and there is a return to the homeland. I do not imply that there is any return to orthodoxy; in the face of pressing problems usually the opposite is true. But if my argument has merit then there should be a return to the selection of knowledge and the relationship of pieces of knowledge to each other which is guided by a central preoccupation which has persisted over the years, which serves as an instrument for organizing knowledge and achieving better understanding.

It is my own conviction that, at least as far as labor economists are concerned, this is likely to be the case in the decade or two ahead of us. The past decade, once we were over the period of postwar reconversion problems, has been one which has been remarkably free of immediate economic problems. If collective bargaining occasionally broke down and thereby precipitated an occasional major strike, the breakdowns were sufficiently infrequent to permit complacency both with respect to the effective institutionalization of the bargaining process and the limited significance of actual strikes. If there have been occasional lapses from full employment, for the most part this affected what we have lumped together as "marginal groups" in the labor force—those who are subject to organized discrimination, such as Negroes and the older-age groups, and others who are more casual victims, such as the new entrants, the part-time workers, and the handicapped. The main body of workers remained in demand, again with a few lapses in selected industries; wages continued to rise throughout the period; the mental scars of the Great Depression began to wear off or their carriers wore out, and the new generations came to regard it as a curious chapter of American history, unlikely of repetition.

I need not belabor the point, since so many others have already done this. My reason for alluding to it is simply that in such a time, when the basic, persisting, underlying human problems, such as our traditional disciplines have identified, seem to have lost their point, the discipline loses its attractive powers and there is a diffusion of interest and purpose. Economics has not been the lively subject it was when the problems of depression and war challenged its followers to do their best.

My own guess is that the years ahead are going to be equally lively ones, with economic problems again pressing with such vigor, such inescapability, that they will challenge economists to do their best as economists. I know of no reason why the same should not be equally true of those in other disciplines and professional fields. If this is so, then the next decade should see a closer identification of the labor specialist with the discipline which bred him, and a greater interest and effort on his part to relate his special interest in labor to the central preoccupation of his discipline, as this is given fresh point by the new challenges. The focus will be less on labor, as a phenomenon in some sense, or many senses, and more on the labor component of major economic problems, major political, sociological, legal, psychological problems.

The period of our national complacency is at an end. I do not want my remarks to take on a political tinge; I suspect that the fact that the apogee of that period coincided with the Eisenhower administration is purely coincidental. Surely it had its beginnings longer ago than eight years. But the pressures of circumstances around us are now becoming so great that they are unavoidable, and competing political philosophies will probably affect only how we meet them, not whether.

I have no doubt in my own mind that the years ahead will require a degree of national initiative, even planning, simply for survival in a world pressing in on us, such as we have not much contemplated in the past; or if we have contemplated it we have done so only under stress and then backed away from it as soon as possible. We shall be rudely awaked to the fact that our present affluence is not the same thing as permanent plenty, and that our chief concern for the future will be the economic problem of how we can produce more and how what is produced should be distributed.

Indeed, the decade ahead promises the curious juxtaposition of two major economic problems—how to provide jobs for all of us in the face of the rapid acceleration of technological progress combined with the satisfaction of most of the basic individual wants of our people, and how to produce enough to satisfy the impatient demands of two-thirds of the rest of the world for more assistance. We are subject to the schizoid concerns that automation will produce so abundantly that it will put people out of work and that automation is not proceeding rapidly enough to produce what the situation requires of us.

Now this is the point at which my effort to foresee the "issues for the future" moves from the realm of methodological interests into the substantive problem areas. The two categories of interest are indeed related, as I noted before.

Speculation is cheap, but I would hazard the guess that the years immediately ahead will see an increasing restiveness on the part of the underdeveloped areas of the world, with sharper and more persistent demands on us for a redistribution of wealth. We shall find it increasingly difficult to ignore these in the interest of a sound dollar or a lower tax rate, in part because our own standards of morality are changing and in part because the political consequences would not be welcome. It probably will not be long before the equivalent of a graduated international income tax will emerge as a logical next step. I am not now talking about anything so simple as, say, a doubling of the amount of our voluntary overseas assistance. I am talking about payments out of our national income which will be about as voluntary as our present income tax, and which may run to ten times the level of our current aid, though I wouldn't assume that as any outside limit.

There would be a number of consequences of such a development. For one thing, we would quickly forget about the problem of enough jobs for all who want to work. For another, we would quickly disabuse ourselves of any notions that we can afford to be wasteful in a society of affluence. We would have to economize to preserve present standards of living. We would encounter transfer problems, but these would be technical and as such easily solved by the technicians. I should also imagine that as tax rates rose, to meet the international demands on us, questions would begin to be asked about why we should raise taxes to assist the development of other nations and not of our own.

Whether for that reason or simply for reasons of obvious domestic necessities, I would expect that there will be more attention paid to federal programs for housing, urban redevelopment, health, education, and transportation. These will require a good deal more federal initiative and planning. There will be abundant opportunities for all of us to become immersed in problems of how and what organizational structures can be devised whereby planning can proceed while power is decentralized, of the role of the private business, and of management and of labor, in an economy which sets more explicit social targets but still seeks to rely on dispersed private organizations

to achieve them. Only as we succeed in such efforts can we escape the dangers of federal centralism and power concentration which conservatives understandably fear.

I present such a forecast of the future as a prediction of things to come under the pressure of events which cannot be forestalled rather than as something which is desirable and should be worked for. There is no doubt in my mind that even the more liberal or, as their opponents would say, collectivist among us will find plenty of causes for unhappiness, plenty of difficult adjustments to make, in a world which includes the elements I picture. Sacrifices are seldom pleasant for those who make them, and I suspect we shall be called to make many; working for the benefit of others comes hard to people who have been used to working for themselves, as anyone above the lowest income tax bracket can testify. Moreover, we can expect that those who like least the new shape of things as they come will oppose them most, regardless of the harsher alternatives. And those, among whom we can hope will be numbered the social scientists, who strive to smooth the way by analyzing the nature of the pressures, highlighting the alternatives, and suggesting methods of accommodating the forces at work will find themselves upbraided as the agents of the forces which they seek to channel. But while there is nothing about the world we can expect to be living in which will make the personal life of the social scientist any easier or pleasanter or perhaps even more appreciated, he does have this advantage over his fellow citizens—his professional work will be the more interesting.

The same issues with which we have dealt in the last decade, in a way that, it seems to me, has become increasingly formalistic, will take on more significance. Work rules, technological change, the role and limitations of authority, the joint needs of flexibility and security, methods of resolving conflict—these and similar issues can be fitted into a framework which is provided and which is given importance by the major unfolding events of our time, so that these issues are seen as the most recent manifestations of mankind's continuing struggle to perfect himself and his society. There will be more purpose to our efforts than there has been to some of our excursions of the last decade, guided as they have been primarily by an effort to find significance in refining, polishing, and making scientific, for our own admiration.

The great human problems—the problems which our intellectual traditions and academic disciplines have identified as the persisting

problems—dealing with scarcity and want, distinction and envy, aspiration and frustration, authority and revolt, are back with us again, in new and more formidable shape, and we need not go looking for the significance of the efforts which are demanded of us. The significance is as real as man.

I do not think I am simply imagining things in making this prediction. The same tendencies which I have described in our field can be observed in other areas. In a recent book, Selden Rodman, the literary and art critic, pointed to the increasing formalism which has attended the fine arts in recent years, the artist denigrated unless he has abstracted from life to the point where his work is dead, the chance emotional—and fugitive—impact on the spectator considered more important than what the artist has to say, and necessarily so, since the artist quite literally had nothing to say. But in the arts too, Rodman discerns a new humanism, a school of bold and involved creators who are developing new messages and trying to communicate urgently and insistently their perception of the human condition.

Predictions have a way of proving themselves wrong, but it is equally true that the safest prediction is often the continuation of a trend. And in this case it seems to me the trend is too evident, the tide too strong, to expect reversal.

## DISCUSSION

JOHN F. MEE

*Indiana University*

Professor Chamberlain in his presentation, *Issues for the Future*, dealt with methodological problems associated with research and teaching, and the substantive issues to which the methodology is addressed. Many of us may be more interested in the problems of methodology; but it is the substantive issues that challenge our imaginations. He highlighted the issues which may emerge from an increasing restiveness on the part of the underdeveloped areas of the world with possible demands on the United States for redistribution of wealth. His prediction of a graduated international income tax, as voluntary as our present income tax, would do justice to Nostradamus. However, the prediction becomes a possibility since the United States is but one of the 117 nations of the world with six plus per cent of the world's population consuming  $\frac{1}{3}$  of the world's supply of goods and services and producing  $\frac{1}{2}$  of the world's energy output. We are affluent.

Professor Chamberlain took the pessimistic alternative by intimating that we would have to economize to maintain our present standards of living in the future and resort to federal initiative and planning, federal housing programs, urban redevelopment, and federal aids to health, education, and transportation. It is possible that the United States may suffer reduced standards of living, health, and education by allocating some of our wealth to the underdeveloped areas.

A more optimistic alternative would be to assist the underdeveloped countries to improve their technical and managerial abilities so that their productivity could raise their living standards without lowering ours.

If the latter alternative were chosen, then the research methodology of the IRRA should be directed toward achieving more efficient and effective personal utilization to better utilize the fruits of technology for the benefits of society. In my opinion, the image of the IRRA has been more closely associated with labor economics than personnel administration.

More research and emphasis has been given to the conflicts of interests among workers, managers, owners, and the public than has been given to their mutuality or integration of interests. The con-

cept of labor as a commodity or a class has been negative. A more positive concept would be to consider people as a human resource through which all desired results are achieved.

Industrial Relations may not be a solid discipline, but it is certainly an activity that involves the intelligent utilization of people in the accomplishment of mutual objectives. Professor Chamberlain stated that the industrial relations "field sprawls and the territory we have staked out takes in a polyglot of inhabitants with diffuse and often separate interests." This can be an advantage because it gives us wide latitudes in which to think, carry on research, and contribute to knowledge about man in his working environment. As long as there is a central theme of studying improved means for utilizing human effort more effectively, we should feel free to borrow from psychology, sociology, political science, law, or mathematics to further our own professional area.

It is interesting to note that Professor Chamberlain concentrated on labor in his treatment of future issues in industrial relations. Furthermore, he lamented the lack of a unifying theme in the study of labor. His viewpoint was characteristic of a labor economist—which he is and an outstanding one. However, Professor Estey, in his report of the IRRA survey, grouped both labor economics and personnel administration as the two most popular undergraduate courses in the industrial relations curriculum. Professor Chamberlain tended to ignore personnel administration in his treatment of Industrial Relations.

Professor Estey's comments that both undergraduate and graduate enrollment in industrial relations are dropping may be discouraging in the face of rising college enrollments. This information should stimulate us to examine the content of our courses in industrial relations as well as our research interests.

It would seem that the substantive future issues predicted by Professor Chamberlain along with the issues of automation, an increasing work force, and the challenge of separating waste and inefficiency from human effort in production should attract the best students in the universities.

The field of industrial relations (personnel administration) is being criticized because no new or interesting developments have occurred in it during the past ten years. Professor Estey's report of the enrolment decline in industrial relations seems to indicate that our field is suffering in comparison with the exciting innovations

in the areas of marketing management, quantitative business analysis, management science, international business administration, and the behavioral science area.

The future of industrial relations may be as closely allied with the behavioral sciences as with labor economics. We should learn more about how people behave and why they behave as they do. We may now be working under false assumptions about human motivations and the construction of models for the prediction of human behavior. Students will gravitate to the areas of more interesting and exciting areas of research and study.

Professor Estey commented on the interdisciplinary approach to industrial relations. Personally, I am going to heed his suggestion and I hope to have company.

Perhaps some of our research efforts and creative talents should be channeled toward making study and research in industrial relations more rigorous and challenging to both graduate and undergraduate students. Otherwise, industrial relations as a subject area in our curricula will atrophy and we may continue to work with problems we can't solve in preference to some solutions that we can't understand.

#### LAWRENCE ROGIN

*Director of Education, AFL-CIO*

It is a new experience for me to be a discussant at an academic meeting. If I violate the rules, therefore, blame the lapse on the fact that despite three recent years of university life, I still feel more at home in front of a textile mill gate in Alabama than in this company.

It is this university experience that causes me to focus my attention on Professor Estey's report, rather than the more basic issues which Professor Chamberlain has discussed. I should like to go back of the course titles which have been listed and raise some problems which disturb me about the course content.

My own experience with labor problems courses goes back to the days before the depression, and I have often wondered what is being taught now. My recent university experience was my first chance to find out first-hand. I should like to tell two stories which may indicate why I was somewhat dismayed. If the stories seem to be selected to prove some of my prejudices, perhaps we will all feel

better if I call the prejudices hypotheses and the selection of the stories a research design that was intended to test them.

On one occasion it was my good fortune to meet with a law school class in labor law to indicate from my experience how the Taft-Hartley law has given employers weapons to prevent the formation of unions.

The discussion quickly shifted to broader issues. In response to a question I indicated that workers without a union were not in the same position as those with one, even though the employer in the first instance was willing to provide the same wages, working conditions and fringe benefits. From the front of the room there came a shocked voice which seemed to express what was in the minds of most of the 100 students present. "Do you mean to say that you think there's no freedom in a factory unless the workers are in a union?" The notion that a union had anything to do with freedom and democracy was almost too much for these law school students.

The other story has to do with a course which may have been called collective bargaining. At least the problem before the class was to choose sides and negotiate a new contract for the auto industry. A former student of mine, himself from a union family, was chairman of the union committee and was enjoying the intellectual exercise very greatly. When he told me about this, I asked him when the union committee was going to sit down to see whether the issues were important enough to strike over. This idea had never come up. Perhaps because I came from an industry in which the union always had the best of the arguments, but rarely the economic strength to do anything about it, I feel strongly that mock negotiations are only trade training. For I'm sure they don't even help the students to understand why the Steelworkers were willing to strike for 116 days, or why the UAW had such great success collecting dues by hand when the auto industry worked without a contract.

It is my feeling that somehow too many of the courses dealing with unionism have become involved with minutiae, the details of contracts, the fine points of arbitration cases, and of labor laws. Somewhere the fundamentals are lost, the fundamentals which could help students born after 1940 understand what unionism means, why the Wagner Act was passed, the reaction of unionists to the Landrum-Griffin Bill, and why trade unionists believe that there is no freedom in a factory unless the workers have a union. They may not agree with us, but at least they should understand us.

It may be, of course, that the fundamentals are being taught, but my contact with college students would indicate that they aren't being learned. And without the fundamentals, it's my feeling that even the trade training will be ineffective.

In one spot, Professor Estey's report touches on this problem indirectly. One looks in vain for a mention of labor history, until the section on "Changes," when it is reported that two schools have reinstated "that old favorite, labor history." But even with this reinstatement, it seems there aren't ten institutions of the seventy reporting which offer labor history courses. Is it old fashioned to believe that an understanding of the present requires a knowledge of the past?

Professor Chamberlain suggests that in the last decade the students of industrial relations have become increasingly formalistic and that your efforts have been guided primarily by an effort to find "significance in refining, polishing, and making scientific." If this charge is justified, I would suggest that it has affected teaching as well as research.

As an outsider, I hesitate to get involved in the problem raised by Professor Estey and discussed with some passion by Professor Chamberlain, as to whether or not there is a discipline called industrial relations.

Whatever your feeling on this matter, I would urge that researchers in the current problems of unionism need familiarity with the techniques and findings of a number of disciplines if the results are to be meaningful. There are too many political scientists, and others, who study union democracy without relating it to democracy in the shop, and too many sociologists and psychologists whose concern with what is measurable in the present blinds them to the lessons of history which may not be measurable in the same way, and I should add, too many economists who ignore the findings of other disciplines. In general, there seems to be a concentration of concern by many with the processes of unionism without relation to the remainder of American society. I guess it bothers me to see academic concentration on the one-sidedness of the labor press, with so little concern about the state of control of our mass media. I would suggest that the latter is a greater danger to the democratic functioning of our society.

My last word is a plea against the use of jargon. A friend of mine with a Ph.D. in sociology got a job some years ago by convincing one of our largest industrial concerns that the company had no one

who could understand the sociological research that the company was hiring. I don't look forward to the same argument being successful with unions. But I do know that much current research is ignored because it is not understood, and because the effort to translate it is too great.

When I complain about this to my friends at the universities, they tell me they have the choice of writing for their colleagues, which will bring them advancement and status, or writing for the general public. I would suggest that this is a choice that need not be necessary.

IRVIN SOBEL

*Washington University*

The state of the field of Industrial Relations has been a continuing topic of interest for the IRRA and for labor economists in general. One could expect to engender an equally lively discussion of either this or a similar topic if he were to attend a future meeting of this Association perhaps a decade hence. Perhaps some element of concern, about the sprawling and uncoordinated knowledge and even research in the field, with our inability after fifteen years of massive effort to evolve more than low level generalizations about the phenomena with which we are dealing, about the quantity and quality of students the potential future high priests of our cult especially at the Ph.D. levels, and the impression that other competitive fields of interest have become either more attractive or have made greater strides in the past decade, constitutes the unifying force behind this session. While healthy self criticism and self appraisal is not a unique characteristic of our endeavours, and exists in virtually every field possessing either professional or intellectual vitality, it can also be stated that many people in this audience have in varying degrees expressed dissatisfaction with the progress, direction of effort and overall developments in our field or fields in the past decade.

Professor Estey's survey has given us an illuminating picture of current educational practices in our "fields" even though he could not consider certain important qualitative aspects about the specific material in particular courses and about the training and technical competence of the instructional personnel as well. While those engaged in teaching, in the larger institutions, generally those encom-

passed in the survey, are specialists in the field, the typical labor course in the small liberal arts or teachers college not covered in this survey, is generally taught by someone who has little more than a pedestrian knowledge of the field and who teaches labor economics along with ten to fifteen other courses during a two year period. The Association might attempt to revive its regional teaching conferences and make some effort to bring together small college teachers with the leading luminaries in the field. The survey also cannot entirely indicate what has too frequently become an unfortunate dichotomy and even dialogue in all too many universities, namely that between the "Labor Economics" course generally conceived as "liberal (if you can define that term) and pro-union" and the personnel course generally conceived as pro-management, conservative, and frequently anti-union.

The considerable amount of diversity and the great number of offerings even at the undergraduate level raises the question of the degree of specialization expected of industrial-relations practitioners and whether students who intend to work in the labor relations field should be early exposed to a large number of courses in the field. My own preferences conform to my status in a liberal arts college; I feel that, especially at the undergraduate level a liberal education with a concentration in one of the traditional behavioral sciences, should constitute the core of study. Industrial relations personnel should be educated men, capable of dealing with new situations and undergraduate and even graduate training which focuses on specific factual knowledge or "how to," may cause such narrowness as to be of little long term value for growth, even for the practitioners in Industrial Relations. For those who ultimately wish to become Industrial Relations specialists and certainly for those wishing to teach, courses should be generalized, deal with principles, and should be focused in a given field, although this should not be interpreted to negate the drawing of relevant assumptions from the other behavioral disciplines. A large proportion of many courses in our field are overly descriptive, concerned with "how" and involve a substantial if not preponderant amount of material which can be read and digested by the student with some intelligence, and if he lacks this ability he should either not be in the field or in higher education as well. Thus at the undergraduate level perhaps two or at best three general courses, and the same number even at the Ph.D. level should suffice unless the goal is to train practitioners, where the number of specialized courses might

be somewhat larger but even in the case of the latter group more breadth and less "training" would be desirable.

During the past decade, although the number of individuals undergoing training as practitioners has not declined, the proportions taking higher level degrees have increased and by and large even the calibre of the latter at least according to many of my colleagues, has also suffered. This state as previously pointed out, can be attributed to a variety of causes such as the greater attraction of other fields, especially the physical sciences in which seemingly the basic challenges and even the discoveries were more spectacular than in economics, as contrasted with the 1930's and even until the middle of the 1940's where unsolved economic problems still constituted extremely significant challenges and labor issues, coincident with the emergent mass-nature of our unions considered of great importance. A certain amount of idealism also contributed to this earlier spurt of interest in the labor field. This idealism emanated either out of a desire to penetrate higher echelons of union leadership or to have a role in this new force or even to relate this newly emergent force to these social changes which loomed so large. Reality, the routinization and bureaucratization of the trade union, its continued emphasis although somewhat diluted upon collective bargaining, and the limited penetration of the intellectual contributed to some stultifying of interest. The apparent freedom from economic problems although perhaps overemphasized by Professor Chamberlain especially if one assumes that the marginal groups or the lapses from full employment are more substantial than he concedes, and the complacency and conformity engendered by what is now evident to have been "a fool's paradise" contributed not only to a general decline in interest and attractiveness within the discipline of economics, but to an emphasis upon methodological issues and upon abstract model building and technical manipulative skills. As a result mathematical economics, and theory become the fields in which bright young men could rise fast, contrasted with labor economics which had its heyday in universities and other organizations in the late 30's and immediate post-war era.

The tendency, because of dissatisfaction with the increasing attention paid to mathematical economics and economic theory, to regard these as remote from industrial relations interests and thus to suggest Ph.D. curricula in "Industrial Relations" which can by-pass these specialities is, I feel, misguided and would tend to a lower quality of students and even more of a "second class status" similar to some

degrees in Education and Business also designed to get around academic road blocks regarded as onerous and as encompassing knowledge "which is remote from basic concerns." I think the trend towards mathematical economics and econometrics has reached its high water mark, and these areas will in the future be treated more realistically, namely as highly useful tools and not as ends. In addition, I feel that these subject areas are not remote to the labor economist, although he may be dissatisfied with the way mathematical economics and especially neo classical theory is used or misused, generally as proof of the evils of trade unionism (given limited assumptions based on oversimplified and unrealistic conduct). These fields are, when used intelligently as tools, valuable parts of any economist's, including the labor economist's arsenal of weapons.

I can only echo and reiterate Professor Chamberlain's reasoned analysis of why "Industrial Relations" does not create a sufficiently unifying body of analysis or even generate central preoccupations which can constitute some basis for organizing knowledge or putting it together in a meaningful way. Although limitation of time enables one to assert without proof, nevertheless it can be argued that the state of interdisciplinary study today does not permit organization around a central problem. Unfortunately too much of inter-disciplinary activity consists in devising a new and even more esoteric language, and in too many cases the multi-disciplinary practitioners operate at the lowest common denominator of the other disciplines. I hold no brief that the labor economist is the person most suited to deal with all labor issues even though his discipline may involve and be concerned with many of the basic ones; there are important spheres for the labor sociologist, psychologist, historian, political scientist, the lawyer. In fact, the labor economist must be increasingly familiar with these disciplines in order to develop generalizations based on realistic assumptions concerning human conduct, about economic behavior and its effects. There is enough to do for the labor economist as a student of the allocation and utilization of the human resource, and of the organizational policies and market trends affecting the manpower resource to constitute an important aspect of the discipline of economics. Yet this definition does not confine him within narrow disciplinary limits and coerce him into methodology which he may deem limiting and inappropriate to full analytical treatment.

There are signs that the miasma of complacency about our econ-

omy and its achievements is over and that our society is again becoming preoccupied with key and pressing economic issues which require answers, and which are currently pressing with great urgency. These concerns are leading to a return to style of those economists who are willing to deal with basic issues and make generalizations about policy matters and who avoid much of the meaningless sterility which has accompanied abstract model building and methodological over-refinement. Many of these basic concerns deal with manpower and its utilization in a changing economy and world. Let me list just a few of them. For instance, even at a time of substantial labor surplus we are conscious of extreme scarcity of high level human resources. How to develop those high level resources and yet deal with the labor force adjustments from the more rapid technological change of the 1960's is a matter of extreme importance. The impact of these and other changes upon organizational (both labor and management) conduct, policy and ideology is another important subject area. There is increasing preoccupation with such matters as the optimum rate of economic growth, and the realization that the international sector (and gold flows) now imposes constraints upon economic policy and collective bargaining never encountered previously by our society is upon us. These concerns and preoccupations create pressures for national manpower development programs, educational, and even wage policies previously considered only in emergencies. Minority groups and their labor force role are also matters worthy of attention. And above all the great interest in economic development and the realization of the key importance of the human agent in the developmental process will make for an augmented degree of interest in our fields.

Out of the crucible of these changes and our accommodation of them in our teaching and research will come I believe not only a reawakened interest but a revitalization of activity along lines of basic importance which will again make "Industrial Relations" research and teaching within the various disciplines, vital and provocative for a large number of "best minds."



**Part V**

**THE THEORY OF  
COLLECTIVE BARGAINING**

# STRATEGY AND COLLECTIVE BARGAINING NEGOTIATIONS \*

CARL M. STEVENS  
*Reed College*

## INTRODUCTION

This paper is concerned with tactics and strategy of conflict (and of cooperation) as these relate to collective bargaining negotiation. At the level of systematic analysis, this is not a well developed field of inquiry. Research on collective bargaining generally has tended to fragmentation, with much of the work comprised of essentially descriptive accounts which lack analytical focus—a state of affairs in part accounted for by (and in part responsible for) failure to develop systematic conceptual apparatus.<sup>1</sup>

Beyond this, an unfortunate hiatus has developed in the analysis of collective bargaining negotiation—and, indeed, in the analysis of negotiation generally. There is, on the one hand, considerable literature of an institutional and descriptive sort relating to collective bargaining negotiation. In this literature, little or no attention is paid to developments in the theory of bargaining, or to game theory, etc. There is, on the other hand, considerable theoretical literature relating to games of conflict and strategy, to bargaining, to decision problems under risk and uncertainty, etc.—theory which, though for the most part not so focused, might cast some light upon collective bargaining negotiation. In this literature, empirical reference tends to be diffuse and casual, and reference to collective bargaining, if any, is confined to parenthetical-type suggestions that perhaps collective bargaining is an illustration of this or that problem or formulation under consideration. The task of attempting to relate results in the two areas of inquiry has fallen largely unattended in a gap between the investigators in each area.

This state of affairs is understandable as a matter of the requirements and interests of various investigators. Thus game theorists, for example, are interested in the theory of games in general, and a

<sup>1</sup> On this point, see the remarks of Joseph Shister, Ch. II "Collective Bargaining," in: N. W. Chamberlain, F. E. Pierson, and T. Wolfson, eds. *A Decade of Industrial Relations Research 1946-1956*, New York 1959.

\* Many of the ideas presented in this paper were developed during the author's tenure of a Brookings Institution National Research Professorship, 1959/60.

somewhat casual empirical catholicism is appropriate to their interests. Also, for example, industrial relations specialists are frequently interested in policy questions the answers to which may require extensive descriptive treatment of the institutional arrangements involved. Nevertheless, it is necessary for progress in the analysis of collective bargaining negotiation that theoretical and descriptive results be pulled more closely together, that—at least—a format be devised which will permit the two kinds of results to be brought into juxtaposition. In my own approach to analysis in this area, I have tried to contrive the balance between theoretical and institutional material in such a way as to achieve the beginnings, at least, of a bridge across the gap alluded to.<sup>2</sup>

#### GENERAL ORIENTATION

It should be observed at the outset that, in attempting to consider this subject in short compass, we confront an awkward problem in exposition. As with most analysis in a rudimentary stage of development, much of the conceptual development needed is essentially taxonomical. However, taxonomy is frequently tiresome at best, and is perhaps even unforgivable in a meeting context such as this in which the listener rightfully feels himself entitled to exposition of a more substantively lively sort. Frank taxonomy could be avoided by brief substantive development of each of a considerable number of points—a sufficient number to permit inference of the underlying taxonomy. This approach, however, yields expositional fare of the cafeteria variety. It is better that we strive for somewhat more adequate representation of a few topics, merely suggesting with respect to each the taxonomical context into which it fits. It is true that this produces a disjointed exposition—but this must be accepted as the lesser of the evils adduced.

Although in a general way the empirical reference is apparent, ambiguities may arise in interpretation of the term collective bargaining *negotiation*. Difficulties may be avoided if we bear in mind the point that the term “negotiation” has a more restricted reference than the term “bargaining.” Negotiation is just one aspect of the

<sup>2</sup> More extensive discussion of matters discussed in this paper will be found in my forthcoming book: *Strategy and Collective Bargaining Negotiation*. In my work on the theory of collective bargaining negotiation, I am indebted to Professor John T. Dunlop for many helpful discussions of the issues involved in analysis in this area.

total bargaining relationship, and analysis of negotiation will take as data (i.e., given, not to be explained) certain elements which analysis of bargaining relationships more generally would treat as variables. Also, I think it helpful to point out at the outset that I do not exhibit a general "unified" theory of collective bargaining negotiation. On the theoretical front, suggestions have been incorporated from disparate sources each of which properly belongs, I think, to a general theoretical treatment.

*I—Rules for Play of the Negotiation Game: The Bargaining Strike (Lockout) Deadline Rule*

Characteristically in collective bargaining negotiation there is a fixed deadline after which negotiations proceed under strike or lockout conditions.<sup>3</sup> The deadline is not a *particular* "threat" in the sense that A's deadline makes an A strike contingent upon some particular B course of action, e.g., B's refusal to agree to a given A position. The deadline makes a strike contingent upon the negotiation status "no agreement" at a particular time. The deadline is more than an announced intention to strike if some agreement is not reached by a certain time. It is also an (implied) promise not to strike prior to that time.

The bargaining strike deadline is one of a number of procedural features of negotiation which are common to many instances of negotiation. Examples of other such features are: contract termination dates, i.e., agreement to contract terms for only a specific period of time; the "large" initial bargaining demand; no systematic negotiation of the agenda prior to the beginning of substantive negotiation; the "package" settlement convention. Such customary procedural features, although not really "rules" in the sense of formal statement and promulgation by authority, are nevertheless usefully comprehended under the rubric "rules for play" of the negotiation "game."<sup>4</sup>

<sup>3</sup> Here we deal only with the fixed deadline. In some negotiation there is no fixed deadline, e.g., in the railroad industry the unions do not generally negotiate under a "no contract—no work" convention. In some instances, a "fixed" deadline is moved, e.g., the auto negotiations in 1958 in which the deadline would have occasioned a strike at a time which, from the union point of view, was tactically inappropriate.

<sup>4</sup> Generally speaking, collective bargaining is not usefully conceptualized literally as a "game" in the technical sense of this term. This is in part due to the fact that the rationality postulate of game theory analysis rules out tactical entities of prime importance in collective bargaining negotiation—especially tactics of bluff and persuasion. However, collective bargaining is a game-like social interaction, and in development of analysis, a game-like description (model) of the negotiation process proves a helpful organizational device.

To so comprehend these features may seem, at first, a rather gratuitous exercise in semi-formality. Were the institutional framework constituted by the procedural features in question the only possible one within which the transactions in question could be resolved, this might be the case. However, there are a variety of sets of rules for play within the contexts of which the transactions in question *could* be resolved. With respect to the instant example, there is no "natural law" which says that negotiations generally, or collective bargaining negotiations more particularly, must feature a deadline. Indeed, in some instances of negotiation (e.g., certain international contexts) the suggestion that there be a deadline is received with vigorous protest. Partly in consequence of the fact that alternatives to the deadline procedure are available, the question arises: What are the consequences of the fact that (why does) collective bargaining negotiation feature a deadline? More generally, it is incumbent upon analysis of collective bargaining negotiation to explain why one particular set of procedural features rather than some other set. The very device of designating these features "rules for play" draws attention to the necessity of explaining what might otherwise tend to be taken for granted as given.

### *I (1): Game-Variant Sequences*

Although the point cannot be elaborated here, it is important to at least point out that from a general analytical point of view the principal significance of the deadline is that it sets up a game-variant sequence. The deadline rule is essentially a rule for changing the type or variant of negotiation game to be played at a particular point in time, i.e., either player can elect this new game-variant by simply refusing to agree during the original one. Thus the deadline rule sets up this game-variant sequence: Game Variant I: negotiation under no strike conditions—deadline—Game Variant II: negotiation under strike conditions. Thinking of 12:00 as the "moment" the strike occurs, the deadline brings with it an 11:59—a predictable "last minute" before a strike. This is important. Without the institution of the deadline, there is only a 12:01—so to speak. With the deadline, the bargaining strike is provided for in the rules framework, is confronted by the parties at the outset of negotiations, it does not occur as an *ad hoc* tactical maneuver during the course of negotiation.

In analysis of game sequences generally, and of collective bargaining sequences in particular, a critical aspect is the interaction between the games, i.e., the mutual influence of each game upon the play and solutions of the others. For example, if a party plans to elect game variant 2, his play of 1 may be calculated more to influence a solution to be achieved via play of 2 than to achieve solution via play of 1. Or, even if a party does not wish to elect game-variant 2, the possibility that it might be forced upon him may cause him, during the play of 1, to be concerned about the *status quo* which game 2 will inherit from 1, if, indeed, a play of 2 should eventuate. Or, if a game 2 has an unambiguous solution whereas 1 does not, the former may be adopted as the solution to 1, i.e., without a play of 2.<sup>5</sup> Familiar aspects of collective bargaining negotiation could be adduced as "for examples" of the above suggested mechanisms whereby the mutual influence of variants in a game sequence upon the play and solution of each game in the sequence may be felt. My point in this section is simply to suggest that conceptualizing the deadline as essentially a rule for setting up a game-variant sequence places this institutional arrangement in an orderly analytical framework which itself can then be extended to encompass other phenomena.

### *I (2): The Problem of Historical Terminacy*

We may now consider in more particular terms two of the functions of the deadline rule. One of these relates to the problem of terminacy, in an historical sense, of a given play of the negotiation game. What mechanism terminates the *process* of negotiation itself? Or, even: Why should not a play of the negotiation game go on perpetually? One function of the deadline is to hasten the historical termination of negotiations. There are reasons in the logic of the situation to suppose that collective bargaining negotiations might go on for a very long time indeed under a guarantee of no strike (or other rule for termination). The occurrence of a strike, on the other hand, would certainly bring pressures to bear which hasten the termination of negotiation. The deadline rule brings these same pressures to bear—it brings with it an 11:59.

<sup>5</sup>T. C. Schelling has suggested in various places the significance of game-variant sequences. See, for example, "The Strategy of Conflict: Prospectus for a Reorientation of Game Theory," *The Journal of Conflict Resolution*, September 1958, pp. 248-249. See also: "For the Abandonment of Symmetry in Game Theory," *The Review of Economics and Statistics*, August 1959.

The problem of terminacy of the negotiation process in an historical sense should be distinguished from that of theoretical "indeterminacy" of the outcome in the sense of comparative statics analysis. Allusion to the former problem is seldom encountered in the literature. The latter is frequently discussed, the prevailing view being that the price under bilateral monopoly generally (including collective bargaining) is theoretically indeterminate within the limits afforded by the contract zone. A theory which did yield a determinate outcome for bilateral monopoly would not necessarily be very helpful in explaining historical terminacy. This is natural since comparative statics analysis generally is "timeless" not only in the sense of being non-dynamic, but also in the sense of lack of historical time significance. Nevertheless, the two problems are related. One might suppose that a process which was (in fact) indeterminate as to outcome would tend to continue for an indefinite time, i.e., the absence of a determinate solution would imply an absence of mechanism to resolve the forces giving rise to the process in the first place. More important from the point of view of economic theory is influence in the other direction. If the parties to an interaction devise a mechanism to cope with the problem of historical terminacy of the process whereby their interaction is resolved, this mechanism may be expected to affect the determinacy (location) of the outcome. This will particularly be the case if the termination device is, like the deadline, a rule setting up a game sequence. One aspect of the interaction between games in a sequence already remarked upon is the possibility that if, in such a sequence, a game 2 has an unambiguous solution whereas 1 does not, the former may be adopted as the solution to 1, i.e., without a play of 2. For example in this case, if the outcome of strike negotiations (should these eventuate) is relatively unambiguous, this outcome may be adopted as the solution during pre-strike negotiations, without playing the sequence through to strike.

No theory of the outcome under bilateral monopoly can afford to overlook the influence of a deadline (or other termination device) if, indeed, such is provided for in the rules framework which governs the interaction. Pen, one of the few writers directly suggesting the problem of historical terminacy in collective bargaining negotiations, seems to overlook the deadline. He contends that if we assume perfect knowledge on the part of the negotiators so that the contract zone is known with certainty, threatening the opposite party with conflict

will have no effect. That is, under these circumstances, unless a party can alter his opponent's preferences, ". . . the contract is 'indeterminate' in the sense that negotiations can continue indefinitely without one party being able to compel the other to accept an unfavorable wage rate."<sup>6</sup> This view would seem to overlook, however, the possibility of eliminating the contract zone by "contrivance." One example of such contrivance is the deadline rule, under which the strike is provided for ahead of time (is confronted by the parties at the outset of the negotiation) by the rules framework of the game.

*I (3): Influence of the Deadline during the Later (Predeadline) Stages of Negotiation*

An analysis of the later (predeadline) stages of negotiation focuses upon the process whereby agreement is (or is not) achieved. The deadline rule has definite consequences for these stages of negotiation. An approaching deadline puts pressure upon the parties to state their "true" positions (the least favorable terms to himself upon which each is willing to settle), and hence does much to squeeze elements of bluff out of the later stages of negotiation. However, an approaching deadline does much more than this. It brings pressures to bear which actually change the least favorable terms upon which each is willing to settle.<sup>7</sup>

I would suggest that the mechanism involved is this. The deadline makes a strike contingent upon no agreement. Assuming that both sides intend to observe the deadline and that both know this, *this* probability of a strike is zero up to the deadline and 1.0 thereafter. But it is not this contingent probability of a strike upon which the parties must be supposed to focus during the negotiation process. At each choice point during the negotiation process each party is concerned with the probability that a strike will occur at the deadline if he continues (at the deadline) to adhere to his announced position as of the choice point in question. Each party's estimate of this contingent probability of a strike gradually increases as the deadline draws nearer, and in consequence of this increase, the "true" (not the

<sup>6</sup>J. Pen, *The Wage Rate Under Collective Bargaining*, Harvard University Press, 1959—p. 144.

<sup>7</sup>J. T. Dunlop and J. J. Healy, *Collective Bargaining: Principles and Cases*, 1955—p. 58, take this position.

then announced or ostensible) position occupied by each party shifts in the direction of his opponent's position. From the point of view of this function, the game-sequence format set up by the deadline, with its gradual approach of an 11:59, should be expected to have rather different consequences than the format in which the strike occurs as an *ad hoc* tactical maneuver, i.e., the format in which there is a sudden onset of 12:01.

The above suggestion with respect to the deadline would seem susceptible to empirical investigation—e.g., by interrogation of parties to collective bargaining. I am well aware that my theorizing here on this point has a distinctly *ad hoc* flavor. This is partially an artifact of limited space. These propositions can be given more systematic theoretical context in terms of an (intrapersonal) conflict choice theory model, a model which time will not permit my developing here.<sup>8</sup>

## *II: Negotiation Tactics: The Not-Bluff*

We now turn attention to another aspect of analysis of negotiation. The rules for play of the negotiation game established a framework within which the process of negotiation takes place. During this process, each party uses "tactics" in an effort to move the ultimately to be agreed upon position in his own favor. A necessary component of a theory of negotiation is a scheme for the classification of tactics, i.e., a scheme in terms of which we may distinguish tactical entities. For example, we may distinguish tactics of rationalization, tactics of persuasion, and tactics of coercion, the mechanism whereby tactics in each class operate being different from an analytical point of view.

Tactics of coercion may themselves be divided into two classes—bluff and not-bluff. The distinction involves the question of an actor's intention with respect to a subsequent course of action, i.e., whether he does or does not intend to do what he asserts or implies he will do. In discussions of collective bargaining negotiation, one finds frequent reference to the bluff as an important instance of such tactics—and in this literature, generally speaking, emphasis tends to be put on the deception aspects of the tactical problem. In other analysis of inter-

<sup>8</sup> For a description of this model and an attempt to apply it to collective bargaining negotiation, see my: "On the Theory of Negotiation," *The Quarterly Journal of Economics*, February 1958, and also "A Note on Conflict Choice in Economics and Psychology," *Conflict Resolution*, June 1960.

actions involving conflict, some of which is of at least potential interest in analysis of collective bargaining negotiation, emphasis tends to be put on the not-bluff aspect of the tactical problem. In part because it has received relatively little attention in the collective bargaining literature, I will briefly suggest the not-bluff aspect of negotiation in this section. (This should not be taken as an implied judgment that each of the not-bluff tactics discussed is typical of representative instances of collective bargaining negotiations).

*II(1): The Straightforward No-Bluff and an Illustration—the “Information” Strike*

A party to negotiation is engaged in not-bluff when he asserts or implies that he will do what he in point of fact intends to do at the time the assertion is made. We may call the not-bluff “straightforward” if the party would prefer (in terms of the original, i.e., pre-tactical play, payoffs) to do what he intends to do. One major tactical problem confronted by the player of a not-bluff is that of conveying to his opposite number the truth regarding his intended subsequent course of action. Resolution of this problem may be technically difficult. A party to negotiation does not believe something to be true simply because his opponent asserts that it is true—after all, the opponent may be bluffing. In short, the player of a not-bluff may be in need of some device whereby he may appear to commit himself, to the satisfaction of his opponent, to a course of action which he intends to pursue.<sup>9</sup>

As an illustration of this kind of problem, consider what we may term the “information” strike. Suppose that a party intends to take a strike unless his opponent concedes a particular position. How can he convince his opponent that these are the facts of the matter? He may assert that these are the facts of the matter, but this assertion may not be compelling. If the alternatives fail, one possibility is simply to let the deadline expire, and in consequence of that expiration, to take a strike. The actual occurrence of the strike convinces his opponent that the threat was no mere bluff. If the opponent would have conceded the position had he made a correct pre-strike estimate of the probability (namely 1.0) that a strike would occur if

<sup>9</sup> T. C. Schelling has provided extended discussion of this aspect of the tactical problem. See “An Essay on Bargaining,” *The American Economic Review*, June 1956 and “The Strategy of Conflict: Prospectus for a Reorientation of Game Theory,” (above cited).

he did not concede, only the information content component of the strike has served a "legitimate" function. We have a strike which is "unnecessary" in the sense that it occurs only because of an incorrect estimate of the probability that it would occur. These considerations suggest the possible desirability of an institutional arrangement (perhaps some device for binding contractual commitment) which would allow a party to negotiation to convince his opponent, short of actually taking a strike, that he intends so to do (in some contingency).

*II(2): The Game-Theory-Type Threat Distinguished*

Further consideration will be given to the commitment problem. First, however, we may consider the threat tactic in a game theory context. T. C. Schelling has provided lucid discussion of the threat from this point of view. He contends: "The distinctive character of a threat is that one asserts that he will do, in a contingency, what he would manifestly prefer not to do if the contingency occurred . . ." <sup>10</sup> Under these circumstances, the threatener has nothing to gain by actually carrying out the retaliation. Rather, retaliation is threatened in the hope that the risk thereby created will be sufficient to deter the act upon which retaliation has been made contingent.

We may term threats of this kind, elaborated as they are in a game theory context, "game-theory-type" threats. These threats involve operations on "manifest" preferences, conforming to the rationality postulate underlying the analysis. This postulate assumes that the payoffs (utilities) to all of the players are known to each, and that each will behave so as to maximize (the expected) payoff. Such assumptions are not of course, generally speaking, appropriate to a description of collective bargaining negotiation. Nevertheless, the game-theory-type threat can be thought of as a tactical entity in terms of the threatener's actual preferences, manifest or not. The distinguishing characteristic in terms of preferences is that the actor asserts that he will do in some contingency what (in terms of the original, pre-tactical play payoffs) he would prefer not to do in the event of the contingency. For example, a party threatens to take a strike unless his demand is met, under circumstances such that he would actually prefer, in terms of the pretactical play payoffs, to concede the position rather than strike. This type of threat is a not-bluff but to be distinguished from threats which are straightforward not-bluffs,

<sup>10</sup> T. C. Schelling, "The Strategy of Conflict . . ." (loc. cit.) p. 223.

i.e., a party asserts that he will pursue a contingent course of action which (without tactical contrivance) he would in point of fact prefer to pursue should the contingency arise. For example, a party threatens to take a strike unless his demand is met, under circumstances such that he would actually prefer, in terms of the original payoffs, so to do.<sup>11</sup>

The tactical problem associated with not-bluffs generally is that of conveying the truth with respect to an intended subsequent course of action, convincing the opposite number that the threat is not a bluff. The circumstances of the game-theory-type threat are such as to strongly suggest that such a threat must be fully committed in order to be successful. For one thing, commitment to the intended subsequent course of action will be needed if it is necessary for credibility to leave no apparent discretion in actually carrying out the threat. Also, the threatener may need such commitment in order to insure his own performance at the threat choice point. Whatever commitment tactics are in point of fact used in particular instances, these may be viewed generically as tactical "moves" designed to appropriately "rig" the structure of the game. For example, suppose that, in terms of an original payoff matrix, A's strategy 1 is preferred to his strategy 2. If, nevertheless (for tactical reasons), A wishes to eschew strategy 1 in some contingency, he may attach penalties to his choice of it—penalties of sufficient magnitude to cause him to in point of fact elect strategy 2 should the contingency occur.<sup>12</sup>

### *II(3): "Bargaining" Power vs. "Negotiation" Power*

The distinction between the straightforward not-bluff and the game-theory-type threat is of interest in a number of contexts. One of these relates to the kind of power implied. The power behind the straightforward not-bluff may be thought of as peculiarly "bargaining" power, i.e., power which is fully inherent in the original (pre-

<sup>11</sup> It may be noted that the distinctive character of the game-theory-type threat arises in consequence of the basic assumption of the analysis. In game theory, a not-bluff without this distinctive character, i.e., a party's assertion that he will do (in a contingency) what he would prefer to do in event of that contingency, has no status as a *tactical move* since it is already a (tautological) part of the postulational structure of the analysis. That is, by postulation, A assumes that B will do what he would prefer to do.

<sup>12</sup> In terms of game theory analysis, the penalty may be thought of as altering the original payoff matrix. Tactical moves are used to contrive a new matrix in terms of which a threatened course of action, not preferred in terms of the original matrix, is now preferred at the threat choice point. Cf. Schelling, *op. cit.*, p. 226 et seq.

tactical play) payoff matrix. In these cases, a party simply asserts that he will do what he would prefer to do, the power of the move being based upon preferences already available in the basic bargaining situation. On the other hand, the power behind the game-theory-type threat is not (fully) inherent in the original situation (payoff matrix). Rather, the power in this case is (in part) tactically contrived by "moves" which rig the game. Contrived power of this sort may be thought of as more peculiarly "negotiation" power, power which in some sense distorts the basic bargaining power underlying the interaction.

#### *II(4): Failure Due to Simultaneous Commitment*

How, in collective bargaining negotiation, might the player of a game-theory-type threat (or a straightforward not-bluff) commit himself to his intended subsequent course of action? A number of practices common in collective bargaining negotiation warrant examination from this point of view—for example, the device of nailing a particular demand to a general principle of presumed importance. This tends to commit the negotiator because it puts the principle on the block along with the demand. One may view as an instance of such tactics the 1959 negotiations in the steel industry in which the companies nailed their demand for no wage increase to the principle of private responsibility for non-inflationary wage settlements.

Once a demand has been nailed to a principle, the issue has become transmuted. If the steel negotiations be so interpreted, the issue is no longer simply whether or not to grant a wage increase. Rather, the issue has become whether to abdicate "social responsibility" by taking an action which the bargainer himself has deemed to be perverse from a public policy point of view. The success of this kind of tactic may be conditioned upon adequate publicity. If the negotiations are conducted in secrecy, a party may defect from his principle with relatively small penalty. If, however, adequate publicity has been given to the stand upon principle, matters are very different. By means of such publicity, a party may pledge his reputation not only vis-a-vis his constituents, but before the general public as well. Under these circumstances, to make a settlement which *can be interpreted* as defection from principle involves potentially severe penalties in the form of "loss of face" and in the form of degeneration of future negotiation power. A party may deem these penalties of sufficient magnitude to preclude defection and hence achieve real commitment, i.e., at the

choice point, carrying out the threat has now become virtually mandatory.<sup>13</sup>

It is of interest to observe parenthetically, and with reference to the distinction between "bargaining" power and "negotiation" power, that government by admonition (e.g., dealing with inflation by appeal to private "social responsibility") may put tactical weapons into the hands of negotiators—weapons which enable them to distort the basic underlying power relationship.

Tactics of commitment generally, and the game-theory-type threat more particularly, may be peculiarly appropriate to certain abstract game situations. A number of reasons may be adduced why they are not similarly appropriate to collective bargaining. One of these reasons is the possibility alluded to in the heading of this section—namely, failure due to simultaneous commitment. Although perfectly safe in a game theory context, the game-theory-type threat may be deemed rather reckless in a collective bargaining context, in part for reasons having to do with the move structure of the game. In a game with a well defined succession of alternating moves (first move is assigned to one party, second move to his opposite number—and so on), he who seizes first move by commitment, or who commits himself to a strategy for second move by appropriate threat, wins. Collective bargaining negotiation, however, does not feature a well defined succession of alternating moves, and if there is to be a process of commitment, it is apt to be a progressive one. In consequence, a party to collective bargaining negotiation contemplating tactics of commitment confronts the possibility that a sort of "race" to coercive commitment will eventuate. There is a high probability of simultaneous commitment—a situation in which the commitment tactics of each party perforce fail, and in which both are worse off than had the commitment tactics not been assayed in the first place. All of this does not mean that in some instances of such negotiation the parties may not have resort to such tactics.

<sup>13</sup> In this discussion of commitment tactics, I have adduced certain events in the recent steel negotiations as examples. These events might be differently interpreted. For example, the publicized stands upon principle in this case might be viewed as "rationalizations" intended to secure public support for positions. Even if these were the intentions of the negotiators, the (possibly inadvertent) commitment potential of such tactics should not be overlooked. Generally speaking, the theory of negotiation suggests that negotiation tactics may each serve a number of tactical functions simultaneously. The theory puts the investigator in a position to systematically distinguish and elucidate these functions.

*III: Negotiation Tactics—the Problem of “Coming Clean without Prejudice”*

The not-bluff involves problems in conveying the truth with respect to an intended subsequent course of action. There is another kind of “truth telling” problem which we may briefly consider in this section.

Define as a party’s equilibrium position during negotiation those terms the least favorable to himself upon which he is willing to settle—and upon which he would settle were there some way to do this. The equilibrium position is to be distinguished from the ostensible (or then announced) position—that position, characteristically more favorable to himself than the equilibrium position, which the party has put out on the bargaining table. The problem is this: How may a party announce his equilibrium position without prejudice, i.e., without, by the very act of the announcement, making the ultimately to be agreed upon position less favorable to himself than might otherwise have been the case? There are a number of reasons why such an announcement may be prejudicial, viz:

(1) Such an announcement involves a retreat from the ostensible position, a retreat which may be interpreted by the opposite number as a sign of weakness, or even as a sign of impending collapse and capitulation.

(2) Operating under the deadline rule, the solution of the negotiation game is the equilibrium position occupied by the party who “gives” at 11 :59. This solution emphasizes an important asymmetry inherent in the end stages of collective bargaining negotiation. At 11 :59 (the last “moment” before a strike) the time has come for “last” proposals. In the nature of the case, one of these proposals is an offer, the other, if there is a contract zone, is agreement. The advantage may well have gone to him who waited.

(3) Operating under the deadline rule, either party may elect game-variant 2—negotiation under strike conditions. Even though a party does not wish to play game 2, it may be forced upon him, and this consideration may cause him to be concerned about the status quo which, if it does eventuate, game 2 will inherit from game 1. These considerations may create pressures for a party to enunciate, as his “last” offer, not his true equilibrium position, but rather terms somewhat more favorable to himself than the least favorable upon which he is willing to settle.

For the above (as well as other) reasons, there is a delicate tactical problem involved in changing ostensible position and (what is a special case of this) in announcing true equilibrium position. A party may fail to announce his true equilibrium position not so much out of an intention to bluff or deceive his opposite number as out of an inability to contrive the announcement in such a way that it may be made without prejudice. At the same time, and especially as the deadline approaches, there are heavy pressures upon the parties to announce their true equilibrium positions.

Widespread resort, in collective bargaining negotiation, to the use of "sign language" is perhaps best interpreted as an attempt to resolve the problem of how to "come clean without prejudice."<sup>14</sup> The use of sign language helps to cope with the problem of taking into account the fact that *if* a strike should eventuate, it will begin on the basis of a status quo inherited from the pre-strike negotiations. This is so because with this procedure the status quo is not clearly delineated. More particularly, the final positions implied by the use of sign language are not made a matter of (public) record. It is less clear how the use of sign language copes with the problem of allowing a party to make ostensible concessions (retreat from his bargaining position to his final proposal) without having his actions interpreted as a sign of weakness, i.e., while at the same time protecting his strength. The key to this matter seems to be, however, that use of sign language is a device for breaking concession down into a number of small, revocable steps—each of which invites reciprocal concession before the next step is taken. By use of sign language, a party signals the direction in which he wants to go—and then waits for some answering signal. Either the parties go arm-in-arm, as it were, or they don't go at all. Along with this, because of the oblique modes in terms of which these communications are cast, each *next* step is revocable.

#### *IV: Conclusion*

It has been possible to deal with but some aspects of the "elements" comprising a theory of negotiation. We have been concerned with some aspects of the "rules for play" of the negotiation game, and with some aspects of tactical problems confronted during the

<sup>14</sup> For an illuminating discussion of the use of "sign language" in negotiation, see Edward Peters, *Strategy and Tactics in Labor Negotiations*, National Foremen's Institute, 1955.

negotiation process. Perspective will be improved by brief mention of the neglected elements.

One such element is the theory of individual choice behavior supposed to characterize the actors, upon which the theory of the negotiation interaction is to be predicated. In analyzing collective bargaining negotiations we are not, of course, dealing simply with a problem in individual choice behavior. Rather, we are dealing with an interpersonal conflict choice problem. However, any theory of interpersonal conflict must be predicated upon some theory of individual choice behavior. Analysis of interpersonal conflict choice as developed in economics generally, and as developed in game theory more particularly, is predicated upon modern utility theory. However, my feeling is that analysis of interpersonal conflict choice situations (including collective bargaining) frequently might better be predicated upon a conflict theory of individual choice behavior. (See footnote 8)

Another set of such elements may collectively be referred to as the "agreement process," or "agreement problems." The parties may agree (or fail to agree) under a variety of tactical circumstances, and there is need for special analytical development with respect to the process whereby agreement is (or is not) achieved. For example, the parties may fail to agree simply because there is no contract zone. However, they may also fail to agree even though there is a manifest contract zone, i.e., under "pure" bargaining game circumstances. Analysis of the two situations differs in important respects. Generally, the agreement process may be impeded by problems of measurement, by problems of definition (of equilibrium position), by problems of nonunidimensionality (and hence noncommensurability) of choice options, etc. Each such agreement problem demands special analytical treatment.

It is useful, particularly in analysis of the agreement process in collective bargaining, to think of collective bargaining demands or issues as falling into either of two categories, viz :

1. What are essentially alterations in the terms of trade within the context of a given collective bargaining "game," that constituted by the bargaining relationship in question. A change in the wage rate is a case in point.
2. What are essentially alterations in the basic ground rules of the collective bargaining game itself, in the definition of the role relationships of the parties. For example, demands which

are perceived as a "union challenge to management control" are frequently of this variety.

Issues in category 2 may pose special problems for agreement for the reason that many kinds of agreement problems may arise simultaneously with respect to such issues. This will particularly be the case if giving more (e.g., via an increase in wage rate) under the rules of the existing game is seen as a possible alternative to a change in the rules of the bargaining game itself.

Finally, we may observe that considerations relating to the process whereby agreement is or is not achieved are likewise related directly to the function of mediation in the settlement of collective bargaining disputes. Although one finds frequent reference to mediation in industrial relations literature, there is relatively little theoretical analysis of the mediation process and yet fewer results and conclusions in consequence of such analysis. The key to analysis is in recognition that where mediation is employed it is an integral part of the collective bargaining process. If collective bargaining negotiation can be analyzed, so can the institution of mediation. By the same token, an analysis of mediation is not possible except in the context of a general analysis of collective bargaining negotiation. That is, for example, unless the investigator has some theories about the agreement process in negotiation, about why and in what ways the parties do (or do not) reach agreement, it is difficult to see how he can analyze the contribution of the mediator to the resolution of conflict, i.e., elucidate what constitutes the work of mediating. (In more extensive development of this topic, I have employed the theory of collective bargaining negotiation in analysis of the functions and tactics of mediation.)

# AN EXPERIMENTAL APPROACH TO THE STUDY OF COLLECTIVE BARGAINING

MYRON L. JOSEPH

*Carnegie Institute of Technology*

## LABORATORY EXPERIMENTS IN PERSPECTIVE

The amazing thing about collective bargaining is that it works as well as it does. Although there are complaints about the results from time to time, we have come to take collective bargaining for granted as a major factor in the determination of wages and working conditions. We expect the process to work smoothly and that temporary breakdowns will be smoothed over in a reasonably short time, if necessary with the help of the government. This complacency is dangerous.

The world is changing rapidly and our present knowledge may not be adequate to handle the new problems. The international political and economic environment is changing so that the collective bargaining patterns of the past may no longer be viable. Employers who are faced with increased price competition from abroad may not be able to survive even the existing patterns of bargained working conditions and wages. Our defense needs may increase the importance of keeping key industries free of work stoppages. Present bargaining patterns are likely to become outmoded as a result of changes in our domestic environment. The labor force and tasks performed by workers are changing rapidly; old solutions to such questions as wage determination and work allocation will no longer be satisfactory. Collective bargaining will be severely strained by the need to accommodate.

Attitudes of labor and management may be changing in the light of collective bargaining experience. Many companies are reexamining their labor policies and there may be many experiments with policies involving stiffer backbones and a lesser role for collective bargaining in the determination of working conditions. On the other hand, a changing labor force and the experience with inflation will put unions under increasing pressure to innovate, to demonstrate their value to members and potential members with vigor and in new directions.

With the parties under stress, our economy is faced with the increased short run importance of the outcome of collective bargain-

ing. Major strikes are too costly in terms of defense production and their economic impact for us to continue to accept them unquestioningly as the cost of free collective bargaining. It is clear that we must give more attention to helping collective bargaining work in its new environment. For the most part we have paid little attention to the bargaining process, an attitude which is consistent with the view that bargaining is simply a mechanism through which environmental forces exert their influence on the economy. Recently the tendency has been to focus on the economic environment, so that bargaining and institutional behavior in connection with bargaining were of interest only as a means of transmitting economic forces. The rising importance of the short run implications of collective bargaining suggests the need for more emphasis on the process itself.

Empirical studies of collective bargaining relationships have helped to explain the longer run importance of many environmental variables, but they do not provide many clues for understanding the outcome or the failure of particular negotiations. At the other extreme we have formal models of bargaining behavior which may be helpful in suggesting questions to be investigated, but which at the present time have not improved our understanding of the bargaining process. Schelling (12) asserts that a formal theory is inadequate for the study of bargaining games. I would extend this view to the study of bargaining behavior, at least until a formal theory is capable of encompassing the complex process of interaction between the parties which is an essential element of bargaining. Another approach to the study of bargaining would be to attempt a detailed analysis of real world behavior.<sup>1</sup> Without doubt this should be part of the long run strategy of studying bargaining behavior. However, the problems of analyzing complex data and of obtaining uncontaminated observations are imposing obstacles to this research strategy.

The use of experimental techniques to study bargaining behavior represents an intermediate research strategy which appears to be worthwhile in view of the poverty of alternatives. The gross weaknesses of an experimental approach are impressive, and we should be fully aware of them when interpreting experimental results. Small group studies of pre-school children or college sophomores are not a very firm base for statements about the behavior of union or company negotiators. Experimental situations are usually artificial and

<sup>1</sup> A start in this direction was made by Ann Douglass (4).

it is dangerous to extrapolate to behavior in the business world. Most experiments are simplified to the point where the observed behavior often seems meaningless, and certainly the stakes which are involved in experimental games cannot be compared to the rewards and penalties of collective bargaining decisions. One does not have to be a cynic to recognize these limitations.

Interpreted realistically, experiments can be very valuable. At one level the experimenter is simply trying to learn about his experimental situation. He tries "to make possible observations which can be cast into theoretically meaningful terms." (10) He tries to explain the results of the experiments in terms of the experimental conditions. As Schelling points out, bargaining experiments or games can be used as a "tangible representation of a theoretical model, a model whose moving parts can be better understood if they can be articulated experimentally." (12) In this way experimental results lead to hypotheses which lead in turn to further experimentation. An important aspect of experimental design is the pressure it exerts on the experimenter to define his concepts in ways that can be measured or observed.<sup>2</sup> Significant factors which may have been overlooked in the experimental design interfere with the results and force a reexamination of the model or hypothesis under consideration.

In spite of their simplicity and artificiality, experimental results can be helpful in understanding the more general behavior from which they abstract. Experiments can point to variables that should be considered, and suggest questions that should be asked in the more realistic environment. The hypotheses generated by experiments can provide a framework for the observation and study of real bargaining situations. In addition, some of the propositions about the real world are stated in such a way that if they are true at all they should be true under experimental conditions. For example, speaking of bargaining in a very general way, Shackle states, "the kind of action involved seeks the objective of maximum net advantage for one party largely by striving to limit and distort the other party's relevant knowledge." (22) Schelling provides examples of general statements of this kind related to the role of communication in the bargaining process. If these propositions are not true in the experi-

<sup>2</sup> Schelling notes "It has frequently been the case that certain plausible concepts had to be abandoned when an effort to identify them (or to incorporate them) in the game revealed that they were meaningless or innocuous, or that they rested on inessential distinctions." (12)

mental case, it would be necessary to demonstrate some reason why they should be expected to be true in real bargaining situations.

It may be possible to use experiments to test general propositions which have been suggested by field observation. Since an experiment can isolate variables and vary their strength fairly precisely, it may be possible to conduct a thorough experimental analysis of a variable that was observed in isolated instances in a highly complex field situation. An experiment of this kind would of course simply provide supporting evidence for a hypothesis which concerned the non-experimental environment. (23)

#### EXPERIMENTS IN BARGAINING BEHAVIOR

I will describe a number of experiments<sup>3</sup> which represent a variety of approaches to the study of bargaining behavior and which I feel are relevant to collective bargaining. In all of them the bargainers are dependent upon each other in the sense that the outcome of each negotiation is a function of the behavior of both subjects. In addition there is an element of conflict because, in general, the best outcome for one subject is not the best outcome for the other. These are the basic elements of a bargaining situation. Some experiments are confined to a narrowly defined aspect of behavior which could have implications for negotiators in more complex situations; other experimental designs include as many aspects of bargaining behavior as possible within the limits of the experimenter's ability to analyze the results. Some attempt to maintain close analogs to the real world situation, while others concentrate on the experimental variables without reference to any realistic counterparts. Many of the experimenters have little interest in collective bargaining so that it is incumbent on us to interpret their results in terms of our interests.

#### SIMPLE MATRIX GAMES

In one group of experiments, which I will call the simple matrix game, the subjects are presented with a matrix (either 2 x 2 or

<sup>3</sup> Some of these have been completed, while others are in the planning stage. The experimental studies considered in this paper should be considered as examples of the kind of experimental work that can be useful in the study of collective bargaining. They do not constitute a representative sample and I am sure that my search procedures overlooked important experimental work. In particular I have not referred to any of the studies of influence, which are potentially important to an understanding of bargaining behavior. Cf.: March, J. G., "Measurement Concepts in the Theory of Influence," *Journal of Politics*, 19, (1957); Cartwright, *Studies in Social Power*, (Ann Arbor, 1959); Hovland, C. and Janis, I., eds., *Personality and Persuasibility* (New Haven 1959).

3 x 3 in these experiments) which represents the payoffs (in points or money) to subjects as a function of the choice of row by one and column by the other.

I will illustrate with the following example.

TABLE I

		Subject B	
		S	H
Subject A	S	5,5	2,8
	H	8,2	-10,-10

(The first number is the payoff for Subject A)

In Table 1, Subject A may choose row S or row H; subject B may choose column S or column H. The first figure in each box is the payoff to subject A and the second figure is the payoff to subject B for that combination of a row and column choice. If subject A chooses row S and subject B chooses column S they each receive 5. If both subjects choose H, they are penalized 10, but if one subject chooses S when the other chooses H, the one choosing H receives 8 and the other receives only 2.

It is possible to specify the payoffs in such a way that the game is strictly determined, in the sense that a rational optimal strategy can be defined. Games of this type have been the subject of extended analysis by game theorists. However, if the payoffs are not zero sum; that is if the gain of player A is not the loss of player B, as in the illustrated game, there is frequently no "best" way to play the game. It is the latter non-zero sum game which is of particular interest in the study of bargaining behavior, since the payoff structure can include a rich variety of conflicting and consistent interests. The subjects must attempt to coordinate their choices in order to achieve their objectives.

The game described above is analogous to the choice of a hard or soft bargaining strategy. If both negotiators choose a hard unyielding strategy (H) a strike will result which is costly to both, but if one is soft (S) and the other is hard (H), the hard bargainer gains more than his opponent. The risk to the party choosing a cooperative soft bargaining strategy is that his opponent may choose to be tough in that set of negotiations.

The simple matrix game has been used in a variety of experimental contexts. Lieberman (7,8) has reported two experiments

which were designed to determine whether subjects would use an optimal strategy in a game which had a determined solution. He found that in a 3 x 3 matrix game with a minimax solution, half of his subjects adopted the optimum strategy after some experience with the game and most of the choices by all subjects were optimal after some experience. In a second experiment the optimal strategy was a mixed (random) strategy. The subjects were told that there was a proper way of playing the game and the experimenter would be playing in the proper way, so that his manner of play would reduce the amount he could possibly lose and increase his chances of winning their money. In this more complex situation the subjects did not behave rationally when playing against the best strategy or against a non-rational strategy used by the experimenter in some trials. This experiment is of interest because it tends to support the view that even if an optimum bargaining strategy exists, if it is at all complex the bargainer is more likely to attempt to anticipate and influence his opponent than to seek the optimum solution.

A group at Ohio State (9,14) conducted a series of simple 2 x 2 non-zero sum matrix games which had the common characteristic that if both subjects chose black (cooperative) the payoff to each was better than if they had both chosen red (non-cooperative). The mixed choice situation was varied experimentally. In these experiments the choices were made simultaneously without communication and the instructions to the subjects carefully avoided words which would direct their behavior towards cooperation, competition, or self interest. In a variety of situations the non-cooperative choices were dominant, even when a stooge consistently chose the same alternative as the subject, resulting in the least favorable payoff for the subject whenever the non-cooperative choice was selected. In no case was the frequency of cooperative choice higher than the chance probability. One way of interpreting these experimental results is that they indicate the strength of a competitive motive. In many of the experimental situations subjects were attempting to "win" by maximizing the difference between the two payoffs when this was in conflict with maximum objective gain.

The results noted above may indicate the difficulty of communicating a willingness to cooperate in situations of that kind. Wilson and Bixenstine (21) report an attempt to make it possible for subjects to indicate a desire to cooperate through the choices of a modi-

fied prisoner's dilemma game. A third choice was added to the matrix as follows :

		Column		
		A	B	C
Row	A	3,3	0,5	3,0
	B	5,0	1,1	0,0
	C	0,3	0,0	0,0

They thought that this added choice would enable a player to demonstrate that he was not personally interested in immediate gain and would "force" the other player to make the cooperative choice of A.<sup>4</sup> Half of the subjects started with this matrix and were shifted to the 2 x 2, the other half started with the 2 x 2 and were shifted to the new matrix. When the players played against each other no differences were found. Those who started with the three choice matrix were more cooperative only during a final 25 trial block when simulated A choices were made for the "other player" by the experimenter.

The richness of this experimental technique is illustrated by another experiment reported by Professor Wilson. He used the following matrix to produce different power positions for the subjects:

		Column	
		A	B
Row	A	3,2	2,2
	B	10,1	1,1

The experimenter used a simulated strategy which responded to the player's choices so that A and B choices had the same expected value for Row, and the B choice had a lower expected value than A for Column (subjects played in both roles). The only results obtained so far are that women were substantially less cooperative than men.

If women behave differently in bargaining situations<sup>5</sup> the impact of personality variables on bargaining behavior should be demonstrable. V. E. Bixenstine has been working on this problem in conjunction with the experiments conducted with Professor Wilson. He

<sup>4</sup>The results were reported in a letter to the author from Professor Wilson.

<sup>5</sup>Lutzker, Daniel R., "Internationalism, Sex Role, and the Amount of Information as Variables in a Two-Person, Non-Zero-Sum Game" Ohio State University Dissertation is cited by the Ohio group to support the contrary.

found that subjects who tended uncritically to endorse overmoralistic and vindictive statements about the behavior of others tended to be less cooperative in two of their experimental situations.

Morton Deutsch has used the F scale in a series of studies concerned with "trust and suspicion." (3) He defines trust behavior as a choice made in which there is much to lose or little to gain. A subject who chooses the cooperative alternative in a prisoner's dilemma game is showing trust. Using the following matrix the subjects

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	A	B
X	9,9	-10,10
Y	10,-10	-9,-9

---

played two trials against different simulated opponents. In the first trial subjects made the first choice and were not told what the opponent did. In the second trial subjects made the second choice after being told that the opponent had trusted (A or X). He found that subjects with relatively low F scale scores were trusting and trustworthy, and those with high F scale scores were suspicious and untrustworthy. He suggests that in this game trusting and trustworthy behavior toward unknown peers "reflects a value orientation which is socially and psychologically consonant with liberal and humanistic values while 'suspicious and untrustworthy' behavior is consonant with conventional and authoritarian values." Although this experiment differs from the simultaneous choice situation of the Wilson experiment described above, the uncooperative behavior in the latter is not unlike the suspicious and untrustworthy behavior in the Deutsch experiment. Deutsch found that subjects who were suspicious on the first trial were untrustworthy on the second, which suggests that they would have been uncooperative in the Wilson experiment.

#### GAMES OF AGREEMENT

Another experimental form of interest is the "game of agreement." Subjects are asked to choose from a number of alternatives under the condition that they will receive no payoff unless their opponent (partner) makes the same choice.<sup>6</sup> Clearly the subjects must attempt

<sup>6</sup> In some cases the subject play against an opponent (real or simulated) whose responses are reported, while in other experiments there is no feedback. The opponent's reward structure can be known or unknown, and the subject can be paid on the basis of his points won or on the basis of how well he does in comparison to the other subjects playing the same game in the same position.

to coordinate their choices in order to receive any reward, and pay-offs attached to the different alternatives can be adjusted to provide different degrees of conflict of interest. In this form the game could be represented by a simple matrix game with all boxes not on the diagonal equal to zero for both subjects. However I would like to stress that the manner of presentation of the game to the subjects constitutes an important difference, even when an equivalent matrix is possible.

In one experiment 2, 3 and 4 column choices were used. The subjects knew only their own payoff structure and whether or not agreement had been reached on each trial. (20) Contrary to expectations, the central column in the three column experiment was not used by the subjects to coordinate their choices. A subsequent three column experiment (19) in which no information was given to the subjects concerning their partner's choices until all trials had been completed confirmed this result. Evidently structural prominence did not facilitate tacit agreement. In these experiments, the orientation of the subjects was manipulated and the results confirmed Deutsch's findings (1a) that a competitive orientation made the subjects less willing to make cooperative choices and consequently decreased their payoffs. Of interest is the fact that in the Willis and Hale experiment, in which the subject faced a simulated opponent who always chose the central column, more cooperative behavior was obtained than in the Ohio State experiments. The explanation proposed by the experimenters is that their game did not permit "double cross" behavior since they could not be hurt by a cooperative choice. If this is correct, a situation which limits the risk of cooperative behavior could be used, as Willis and Hale suggest, to build up a trust relationship before introducing greater risks.

An experimental form which combines some of the characteristics of the simple matrix game and the game of agreement makes use of bargaining diagrams. (18) The subjects make demands along the x and y axis respectively. The coordinates represented by their demands must fall within the boundary of the diagram in order for them to receive the payoff demanded. David Stern (17) makes imaginative use of this technique in an important exploratory study. Since his diagrams vary in size, curvature and bias, he constructed a measure of bargaining behavior which is independent of these structural variables. This "bargaining boldness" measure was used directly and to derive other descriptive measures of bargaining. His

subjects were involved in three series of trials. In the first series they made all of their demands in the absence of any feedback or information about their opponent's choices, the second series included an offer stage which did not count, and the third involved face to face bargaining. Stern used differences in "boldness" between trials to measure "intended bargaining leverage" and "bluffing." He also used the "boldness" measure to determine how closely his subjects were following "equalizing," "all or none" or "von Neumann-Morganstern" (maximize total) grand strategies.

Together with Richard Willis, I have been using an experimental form which can be described as a structured bargaining game of agreement, in which we have tried to maintain some of the basic elements of non-experimental bargaining. The subjects had five (or six) alternatives (designated as columns) which increased in value from one to six, but not always linearly. They did not know the value of the alternatives to their opponents, but were informed (truthfully) that the opponents' order of preference was exactly the reverse of theirs. The highest value choice for a subject was the lowest value choice for his opponent. Subjects were told that they would receive the value of the column upon which agreement was reached but that they would receive no payment if the two subjects did not agree on a single choice. In each bargaining trial the subjects were able to make five offers in an attempt to reach agreement. The offer to accept a particular choice was made secretly and communicated to the opponent through the negotiator. If agreement was not reached on the fifth order, the trial was ended and no payment was made to either subject. The subjects were told that there might be more than one trial and that the number of trials would be randomly determined, so that they did not know during any one trial whether or not there would be another one. Within the bargaining range agreement was objectively preferable to no agreement, the interests of the subject were in conflict, there was an opportunity to attempt to obtain and to grant concessions through time, and there was the possibility of no agreement. The variables examined in this framework were: a) structural prominence of a central solution; b) induced prominence; c) linearity of the reward structure; d) simultaneous and sequential choices by one subject; e) sex of subjects.

In this experiment structural prominence was important, since more agreements were reached under the five choice conditions than

in the six choice case when no central choice was available. Although not quite significant, the induced prominence condition had a positive effect on the number of agreements made when the offers were made simultaneously. This is consistent with the greater need for coordination of choices in the simultaneous case. We were surprised to find that non-linearity of the payoff structure which increased the cost of concession and the reward for successful aggressive bargaining had no effect on the number of agreements. Further analysis showed that male and female subjects had not reacted to this variable in the same way. Female subjects arrived at more agreements under conditions of non-linear payoff than when the payoffs increased by constant amounts. The male subjects reacted in exactly the opposite direction. In a subsequent study we used simulated opponents to compare the reaction to a constant position with the reaction to a strategy of gradual concession.

The experiments reported by Seigel and Fouraker (15) represent a more complex bargaining game of agreement. The subjects had many alternatives (in some cases they worked from a 20 x 30 table of prices and quantities) and they had to agree on a price and a quantity. Their results supported the proposition that subjects would choose a quantity which maximized the joint payoff. At this point the distribution of the total was a zero sum situation. The authors concluded that "personal characteristics of bargainers seem to be the main determinants of differential payoff and prices" although the subjects who had more information concerning their opponents' reward structure were more likely to come to an even split. One series of experiments established an opportunity for further gain to subjects who achieved a specific amount. This "level of aspiration" was an important determinant of differential payoff. Siegel and Fouraker present a behavior model which states the level of aspiration as a function of the rates of concession, the ability of the subjects to perceive concession rates, and maximum and minimum expectations. Professor Siegel has proposed a program of research (16) which includes plans to study the effects of rapid concessions, prolonged resistance and punitive bids. He will attempt to measure the variables in the model and test some of the hypotheses generated by their earlier studies. These would include the following:

- a) Possession of information tends to depress maximum expectations, and exercises an influence on minimum expectations by imputing connotations of "fairness" or "justice" to certain

payoffs. Information of this kind would tend to increase the bargainer's "toughness index."

- b) The absence of personal interaction was important in minimizing conflict in the experiments reported, "by allowing subjects more latitude in their communication and interactions, the possibility of an affront-offense-punitive behavior sequence may be increased."

### COMPLEX GAMES

Some experiments are less formal in structure and permit a wider range of subject behavior. Deutsch and Krauss have designed an experimental game (3A) which simulates two trucking companies moving goods over alternate routes to separate destinations from separate starting points. The shortest road for both is single lane and presents a conflict situation since the two truckers are heading in opposite directions. By permitting one or both of the subjects to close the single lane road the design permits the use of unilateral or bilateral threats. Using the sum of each pair's profits, which is related inversely to the time required to reach the destinations, as a measure of the difficulty experienced in reaching agreement, they found "that agreement was least difficult to arrive at in the 'no threat' condition, was more difficult to arrive at in the unilateral threat condition and exceedingly difficult or impossible to arrive at in the bilateral threat condition." They also found that the threatened subject in the unilateral threat condition was better off than when he was able to retaliate in the bilateral threat condition. The subjects were not permitted to communicate, but at least in this situation the authors point out that "it is dangerous for bargainers to have weapons."

By far the richest experimental framework I have found is contained in Schelling's war game (12). The game is played on an outline map of the United States. The two players are given chips which they can place on the states or remove subject to limitations. With these chips the players "fight" for states or make a purely punitive move. The states have different values, and while one player knows the value of the states to himself he is not told their value to his opponent. The score of the game at the end depends on the states possessed by the players and the chips they have lost. The game permits maneuver, signalling intentions, proposals, threats, refusals and information about one's preferences through the maneuvers of the game rather than words. The values of the states, information about the opponent's values, communication permitted, map configura-

tion, knowledge of previous plays, the number of chips and the rules of capture and fights can be varied to study particular aspects of the game. Professor Schelling's research plans with the game includes studies of the relation of outcomes to modes of play and to the players' interpretations of their own and others' modes of play. The effects of hints about symmetry and signalling, and the play of individuals and groups with varying amounts of experience with the game, are among the areas of planned research. Of particular interest to Professor Schelling is the study of "the development of language, rules and traditions, in an inbred group of players," and the determinants of instability, that is the tendency of the game to generate mutually destructive behavior and low scores. The war game should be an important tool in the study of bargaining behavior.

#### STUDIES OF INTERGROUP CONFLICT

Experimental studies of intergroup conflict have examined the behavior of negotiators and the groups which they represent. In an experiment conducted by Friedman and Jacka (5) two groups of subjects were formed on the basis of independent estimates of the length of two buzzer sounds. Each group included only subjects who had identified the same buzzer sound as the longer of the two. They were asked to come to a group consensus on how much longer than the other their choice had sounded. The group then selected a negotiator to meet with the representatives of another group. Each negotiator met with a "collaborator negotiator" and was given the opportunity and motivation to concede or hold his position, to indicate his intentions and to interpret the group's will. During negotiations the group evaluated their representative's behavior, on the basis of fictitious information. Different information was given to half the members of the group to test its impact on the evaluation. The negotiator's behavior was observed before and after he was told that "the group disapproves." The reactions of the negotiators and the group members indicated the strength of the group norms and the importance of these norms to the negotiators.

Blake and Mouton report an important series of experiments in which laboratory training groups\* were involved in intergroup

\* The general plan of a laboratory is that dilemmas of various sorts are created. As people work themselves out of these dilemmas, they learn by evaluating the conditions that produced the difficulties and those that led to their resolution. The learning is by experiencing and then generalizing, rather than by studying cases or teaching in the ordinary classroom sense.

conflict (1A). The groups were given a task to perform in competition with other groups, and then pairs of groups tried to choose the better of the two solutions through negotiators who interacted in public. In their groups cohesion built up rapidly in the problem-solving period and in general increased further when the groups were placed in direct competition. There was strong pressure on the subjects to evaluate the work of their own group positively and to reject the work of the other groups. Of particular interest is the evidence that under these competitive conditions, "members of one group perceive that they understand the other's proposal when in fact they do *not*. . . . Under conditions of competition, areas of true agreement go undiscovered." In 31 of 33 cases the representatives insisted on supporting their own groups position so that no agreement could be reached. There is evidence of strong pressure on the negotiators not to give in and become a "traitor."† When no decision was reached, a judge was brought in to choose the better result. The reaction of the groups to his decision will be of particular interest to this audience:

"Those whose position he advances by his judgment see him as fair-minded and impartial, fully competent to intellectual materials and in other ways quite scholarly and analytically skillful. From the standpoint of those whose position he defeats, he is a weak person to whom not even the most elementary assignment would be given because he simply cannot understand."

Blake and Moulton have made successful efforts to apply their findings on intergroup conflict to an industrial relations situation in which they were able to provide a basis for "statesmanlike union-management problem-solving." A better understanding of the forces which tend to prevent group agreement was used to help the groups avoid conflict.

Intergroup experiments are extremely promising as a means of studying bargaining behavior. It might be possible to combine the group structure with one of the games of agreement to permit a more explicit focus on negotiations.

† I have conducted a similar demonstration with informal student groups who had not worked together as groups before the trial. Even in the informal environment of the classroom the cohesion of the groups and the pressure on the negotiators to support the group position was very strong.

## DISCUSSION

All the experiments discussed have the same weak link, the subject, who too frequently doesn't seem to behave in accordance with his instructions. It is naive to assume that simply telling a subject to maximize his objective payoff (money or points) will produce the desired behavior. One reason for this is evidently the strength of the competitive urge which was studied by the Ohio State Group. In one of my experiments subjects were told that they were expected to make as much money as possible and were kept ignorant of their opponents' payoffs. In spite of this, many subjects decided for themselves what their opponents were receiving and proceeded to compete with them on that basis, refusing to reach an agreement if it meant being beaten. I think Schelling may be on dangerous grounds when he states, "a game of this sort focuses mainly on the perceptual and cognitive processes of the participants, rather than emotional behavior or individual value systems" (12). The value system of the game may not be the major determinant of the subject's behavior, and if the emotional level of the game is different from the emotional level of important world problems, so are the payoffs. From my observations of subjects I would expect that the difference in the scale of payoffs would be a more important difficulty than the difference in the scale of emotions. The need to compete, resentment of the opponent, disappointment, group pressures and other psychological variables are very likely to affect the play of the game.

Although I am not ready to draw any major conclusions from this sample of experimental work, it appears that they are providing evidence that is relevant to significant aspects of collective bargaining. They should improve our understanding of the importance of personal, environmental and behavior variables. I have listed some of the important questions that the experimenters are trying to answer and others for which their work is relevant.

*i) Personal variables*

Are the personality characteristics of representatives important in determining the outcome of negotiations? Are negotiations affected by the motivations of representatives, and by their perceptions of the role of negotiator? What are the motivations and role perceptions of negotiators? Are interpersonal and intergroup competition important in explaining the behavior of negotiators?

ii) *Environmental variables*

What is bargaining power, and how does it affect the outcome of negotiations? Under what conditions can the parties learn to trust each other? How does the ability to doublecross or to threaten affect negotiations? Do the costs and gains associated with possible outcomes of negotiations determine the final solution?

iii) *Process variables*

How much communication is desirable? How is intragroup behavior related to intergroup conflict? Can the parties plan their activities prior to negotiations so as to minimize the possibility of conflict? Do some bargaining strategies create more resentment than others? Is the outcome of negotiations related to bargaining strategy? What are the characteristics of an acceptable offer? What is the role of expectations and how are they generated? How can the parties communicate effectively when they cannot be completely honest with each other?

This list is far from exhaustive, but it indicates the important potential of experimental work. Some of the findings already have suggested real world applications, but we are really just beginning to develop the experimental tools which can help us understand bargaining behavior. As I have warned above, we must be careful not to apply experimental results too quickly, but they certainly can provide an important first stage in our analysis of the bargaining process.

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## DISCUSSION

WILLIAM G. BOWEN  
*Princeton University*

Discussions of research strategy are often dull, insipid, and unrewarding. Yet they are also useful at times, and I am hopeful that this will be one such occasion, since the bulk of my comments deal with methods of studying bargaining phenomena.

I am in complete sympathy with Stevens' emphasis on the need to bridge the chasm separating theoretical inquiry from institutional-descriptive analysis; at the same time, however, I am somewhat bothered by the specific orientation of his paper. In general, what Stevens does is take an element common to collective bargaining situations and explain why this common element exists in terms of the functions it serves. Thus, he concentrates on such questions as: Why is there a strike deadline in negotiations?

Stevens may well be right in suggesting that answers to this kind of question constitute the logical starting point for a systematic analysis of negotiation. But, it would, in my judgment, be unfortunate if subsequent investigators adopted this same point of departure. My own view is that, instead of examining why certain "common" elements exist, it may well be more important to ask ourselves why certain rules, strategies, and tactics occur more frequently in some situations than in others. I am not aware of many existing studies that systematically investigate the existence of differences in negotiating strategy between countries, between unions, between industries and between time periods. Additional efforts to explore the extent of such differences and to analyze explanatory factors might prove quite helpful.

A second set of questions that seems important to me concerns the impact of alternative negotiating rules and strategies on the size of the economic package and on the composition of the package. Here we would like to know to what extent external forces leave room for negotiation considerations to affect the outcome of a bargain, as well as how successful various specific strategies are likely to be.

I should like to emphasize that even tentative answers to many of these questions will require an analysis of the *interaction* between what Stevens' refers to as the total bargaining milieu (including the economic environment) and the process of negotiation itself. While Stevens tries to avoid consideration of such interactions by ignoring

the bargaining milieu altogether, this seems to me neither possible nor desirable. To take an extreme example, even in discussing the role of a "rule" such as the strike deadline in forcing compromise and settlement, Stevens cannot avoid making implicit economic assumptions, since his assertion that both parties prefer a settlement to a strike need not hold under all economic conditions. Consider the case of an industry facing excess supply and an inelastic demand schedule—here a strike may serve the economic interests of both union and management; and it has been suggested that some strikes that have occurred in the coal industry may be explainable partly in these terms.

The interdependence between the economic environment and the negotiation process is, of course, much more apparent when we consider negotiating strategies rather than rules. It seems to me that only by studying the interaction between the total bargaining context and the behavior of negotiators shall we be able to develop a body of theory capable of yielding useful predictions.

In this respect, the experimental approach described by Joseph has great appeal. The experimenter is able to vary the economic environment by altering payoffs, and in this way can examine the effects of alternative sets of economic incentives on the behavior of negotiators. However, as Joseph himself emphasizes, the experimental approach also has certain weaknesses. To appreciate—and minimize—these weaknesses, it is important to emphasize that most experimental techniques used thus far aim at telling us how people *in general* behave in certain *contrived* situations.

The value of this approach in studying collective bargaining, of course, depends directly on: (1) the extent to which the "subjects" of experiments are cut from the same cloth as real-life negotiators; and (2) how well the environmental conditions built-in to the experiments mirror the significant aspects of collective bargaining situations.

The evidence that men and women exhibit different reaction patterns highlights the importance of finding truly representative subjects. The most direct way of attacking this problem might be to use real-life union leaders and management negotiators as our subjects. The skillful use of such a procedure might enable the experimenter to get a more accurate picture of how negotiators themselves think, and might also permit a useful comparison of differences in the strategies chosen by union versus management representatives, by the representatives of different kinds of unions and companies, and

by people accustomed to working in different kinds of industries. Data of this sort might allow the testing of hypotheses about the "conditioning" effects of union and industry affiliation on negotiating strategy. For instance, one might test the proposition that a life-time of experience with the UAW and the auto industry inculcates a different orientation toward negotiating than a career with the ILGWU and the clothing industry.

The problem of imbuing the experiment with the essential environmental attributes of collective bargaining is no doubt even more difficult than finding "representative" subjects. Here it seems important to note that many of the bargaining experiments conducted thus far suffer from one or more of the following shortcomings: (1) No account is taken of the fact that negotiations typically involve more than a single issue and that the existence of a number of issues is an important source of negotiating flexibility. (2) Negotiators in collective bargaining are by no means entirely on their own, but are agents of organizations, and thus are influenced by organizational pressures. (3) In the case of the union negotiator, it is particularly important to remember that his success may be judged by how well he has done vis-a-vis other union negotiators and that thus an element of inter-union competition may enter the picture. (4) As Joseph emphasizes, subjects may be prone to regard the experiment as a "game" and thus be more reckless and less calculating than they would be in real-life.

The important question is, of course, whether difficulties of this kind can be overcome without destroying the essential simplicity of the experimental approach. While definitive answers cannot be given at this time, there are some things that might be tried. The use of groups of subjects ala the buzzer experiment described by Joseph may help bring experiments into line with the representative-of-a-group aspect of collective bargaining. Or, in cases where the group approach is not practicable, the use of seasoned negotiators as subjects may help in that such men are accustomed to thinking of themselves as representatives. It may also be useful to tell the subjects that their "success" depends not on any objective measure (such as dollars won) but on the opinion of seasoned negotiators who will grade their performance. Finally, in some experiments it may be helpful to have all the subjects negotiate against "nature" and instruct each subject that his success will be judged by comparing his performance with that of the other subjects who are also negotiating

against the common foe.<sup>1</sup> This latter approach has the advantage of simulating (to some extent at least) the competition between union leaders that seems to be one characteristic of American collective bargaining.

<sup>1</sup> Professor Joseph informs me that this technique has, in fact, been tried by some experimenters.

D. M. IRWIN

*Manager, Research and Analysis Dept.  
Corporate Personnel Staff  
Chrysler Corporation*

Comments on Professor Stevens' paper may be limited by the fact that his remarks are brief portions of a book soon to be published. My criticisms may be answered in his full treatment of the theory which he advances.

Stevens has attempted to develop a theoretical framework for the analysis of strategy in labor-management negotiations. I question, however, that "game theory" is sufficiently developed to cope with the infinite varieties of actual negotiations. I am more inclined to agree with an earlier statement by Stevens<sup>1</sup> appearing in the *Quarterly Journal of Economics* almost three years ago:

"... the game theory format is essentially inappropriate to the analysis of negotiation. . . . Game theory emphasizes a rationality-type solution with the calculation of optimal strategy elaborated with respect to a supposedly known or somewhat arbitrarily assumed payoff matrix. But in most negotiated, purposive games, precisely the major task of the exchange of information during negotiations is to change the negotiators' perception of the values comprising the payoff matrix."

It appears to me that this criticism of game theory as applied to negotiation strategy still has much to recommend it. Stevens has attempted to overcome the problem of changes in matrix values during the negotiation process by terming each new matrix a new game. It would be a formidable task to develop numerical values for the matrix requirements of a typical negotiation process. Stevens'

<sup>1</sup> Stevens, Carl M. "On the Theory of Negotiation," *Quarterly Journal of Economics*, Cambridge, Mass., February 1958, p. 96-97.

device, however, considerably complicates the analysis, in my opinion.

Can analysis of negotiations "take as data . . . certain elements which analysis of bargaining relationships more generally would treat as variables?" Furthermore, is a theory of negotiation separate from a theory of bargaining? I think not.

For example, with reference to the bargaining strike (lockout) deadline rule, Stevens states: "Characteristically in collective bargaining negotiation there is a fixed deadline after which negotiations proceed under strike or lockout conditions." Seldom is the lockout the counterpart of the strike. Customarily, it is now used by employers engaged in industry or area-wide bargaining to force a union to make a partial strike a complete strike; it is not used as a tactic initially employed to enforce the employer's demands. Stevens also states that the deadline is "also an (implied) promise not to strike prior to that time." What about harassing tactics like wildcats, slow-downs, defective quality, before and after a deadline? Finally, as often as not, the deadline as part of the union's strategy is in reality not fixed. There is a variety of positions it can take, among which could be listed (1) No contract—no work; (2) No new contract—old contract extended, sometimes indefinitely; (3) No new contract—work, with or without the promise of a future strike notice. The bargaining relationships may determine the position taken by the negotiators.

The attempt to establish conceptually the various matrixes required by game theory may have theoretical benefits, however. The building of models necessitates an explicit statement of assumptions. Some of the assumptions, or conventions, which Stevens emphasizes may have been neglected by the institutional analyses of bargaining strategy: the role of the termination date, "large" initial demands, the "package" convention, etc.

Professor Joseph's paper was illuminating to me as an economist because I was unaware of the research being undertaken by others trained in different disciplines. I do not believe that his paper approaches an experimental study of collective bargaining. It appears to me to be an experimental study of certain aspects of behavior which may be found in negotiations or on the part of negotiators. In this latter connection it may have value in shedding light on behavior which may or may not be associated with negotiations, depending on the individuals involved, the union, the company, the industry, and general economic conditions, to mention only a few variables.

A major factor apparently not taken into consideration in these

various experiments is the fact that rarely do negotiators determine the "position" of each side. The negotiators frequently may be agents and serve only as advocates for particular positions; or the bargainers may attempt to influence the "position," but do not by themselves determine it. Although they have "authority" to reach a settlement, they do not themselves determine the frame of reference within which a settlement may be made.

The results of these studies may be helpful either to reinforce the individual practitioner's views regarding the role of personality as a factor in bargaining, or to provide insight so that his views may be altered. However, I suspect that the average practitioner would believe that there is too much at stake for him to begin distrusting his own judgment if the results of controlled experiments point in other directions.

DONALD S. BEATTIE

*Director, Research and Statistics  
Brotherhood of Locomotive Engineers*

It seems appropriate that I should begin by expressing some reservations with respect to my qualifications as a discussant of the two papers submitted this morning. While I have observed the collective bargaining process operate in the railroad industry, little of the theoretical or analytical approach to this subject is within my knowledge. It therefore may be presumptuous of me to suggest serious doubts as to the practicability of the investigations referred to by Professors Stevens and Joseph. One necessarily assumes, however, that these investigative activities have as their ultimate objective the diminution of conflict in a period of rapidly changing labor-management relations. What may have been theoretically sound yesterday could well be archaic tomorrow.

Personal observation of the negotiating process impels me to the conclusion that it is a highly personalized subject of such complexity, with variables shifting and changing in importance from one situation to another, that it may well defy meaningful scientific analysis.

While the "game" concept expressed by Professors Stevens and Joseph, as well as others in the field, is well founded and proves helpful to negotiators (even though few negotiators have academic knowl-

edge of the theory) it seems to me that the skills involved may well constitute an art.

A keen intuitive sense, a mastery of timing, the ability to perceive and convey thoughts through media of expression other than the spoken word—all are the attributes of the artist. Comprehensive knowledge of bargaining techniques gained through experience and study is not sufficient—the sixth sense of the artist is essential to the successful negotiator.

He functions most effectively in the relative privacy of a small bargaining group. In large scale disputes, at least, he works alone, or with one or two associates, during the critical period when bargaining narrows down to settlement terms. This type of secrecy appears to be an essential ingredient in negotiating the settlement of large scale disputes.

To those, therefore, who may tend toward the scientific approach to the collective bargaining process, the caution suggested by Schelling as quoted by Professor Joseph can well be given mature consideration. Don't destroy the artist by supplying him with patented techniques.

Collective bargaining when viewed in the broader sense as encompassing mediation, fact finding, emergency board procedure, arbitration, etc., presents a much greater challenge, if not an insurmountable roadblock to those who would classify and analyze the process. Professor Joseph observes that the collective bargaining process may be severely strained in meeting the challenges of a rapidly changing world. This fact is readily apparent today. As an example, there is a widely held opinion that the problem of technological unemployment defies solution at the bargaining table. However, in defense of the process, I will have to say that adaptability has been one of its most commendable features. It has grown in complexity apace with the rest of our society. Since World War II we have observed an ever increasing use of specialists at or near the bargaining scene. Today we note the emergence of bargaining innovations such as the bipartite and tripartite study groups whose objective is to find solutions to some of the more complex problems, away from the heat and pressures of the bargaining deadline.

As I have stated, my prime experience has been in the Railroad Industry; and the appointment of a commission by the President of the United States to look into the complex wage-rules structure of the rail operating employees is an example of a new way to meet issues that are not readily solved under existing collective bargaining meth-

ods. This tripartite, fifteen-member commission is headed by Secretary of Labor Mitchell with John T. Dunlop, C. A. Meyers, Russell A. Smith and Francis J. Robertson, Jr. making up the other public members.

The deadline and other termination devices were emphasized by both speakers as a fundamental bargaining procedure. Under the provisions of the Railway Labor Act, agreements never terminate, and the very essence of this legislation is to delay, often for months, the use of the deadline as a bargaining pressure to compel settlement. The deadline is often moved, if not destroyed, by third party intervention, either in the form of national executive intervention or by Federal Court intervention through injunction. This delaying action brings about a destruction of the collective bargaining process, until all such remedies have been exhausted. Complex rail disputes, therefore, often have little real concentrated attention applied by the parties until a fixed deadline is finally achieved.

Thus, the role of government is an important factor. All participants in the collective bargaining process, both those directly and those indirectly involved, must in a given situation, evaluate their strategy with an eye largely upon government. This, of course, has become a factor of increasing importance in recent years, particularly in the railroad field. Perhaps the more recent extension of government into the non-public utility industry segment indicates an inevitable trend toward third party control of the bargaining process. If this be so, it does not necessarily promise a diminution of conflict in industrial relations. Experience indicates just the opposite.

Perhaps then, the scientific investigators should look beyond the collective bargaining process for means to avoid conflicts induced when one of the parties decides not to play the "game." I submit that this is the real problem that must be faced, at least by those engaged in the collective bargaining field. It is a problem which would focus attention on the representative or agent role of the bargainer. Certainly the most skilled negotiator cannot function in a situation where one of the principals embarks upon a course that precludes the exercise of his abilities.

With government standing in the wings as a potential third party participant in major disputes, given a particular political climate, the principals, or at least one of them may elect to by-pass collective bargaining to influence legislative or administrative action.

While the speakers have emphasized the need of proper communi-

cation between the parties in the successful application of the theory to the collective bargaining process, and the consequences that result when communication fails, it seems to me that the importance of communication goes far beyond the direct participants who are entrusted with the duty of settling the dispute. On labor's side, obviously it is important that the negotiators have the support of their members, and this can be achieved only through communication with them. Many strikes have occurred because the average worker was not informed, and the negotiators did not feel they could afford to settle even when the facts warranted settlement. On the management side, the same often holds true—the negotiators for management were confined to fixed standards which they could not exceed, even though their own judgment and knowledge dictated settlement rather than strike.

Today, in a changing collective bargaining field, the third party, government and the public, cannot be excluded from the vital area for proper communication. The communications network of yesterday no longer suffices. Lines of communication must now extend into ever broadening areas to permit effective evaluation of the bargaining situation.

It appears to me that the causes of conflict to which the game theorists and other scientific analysts address themselves is more likely to be found in the efforts to by-pass collective bargaining rather than in any inherent defects in the process itself. There are no insoluble problems in labor-management relations to those who truly seek answers.

The negative approach, particularly to scientific endeavors in this advanced age, is not without risk. I am comforted by similar doubts expressed by the scientists themselves. Certainly management and labor can appreciate, and be duly impressed, by the efforts put forth and the results produced to date by those seeking through theoretical research, to make collective bargaining work more effectively. Those participating in such study will continue to contribute to the general welfare particularly as we enter into a more complex society of automation and economic adjustment. Both labor and management are evidencing more and more interest in this field and continued research and study are warranted.

**Part VI**

**FRONTIERS OF UNION GROWTH**

# SOME FACTORS INFLUENCING THE GROWTH OF UNIONS IN THE SOUTH

RAY MARSHALL

*Louisiana State University*

Though millions of dollars, much bloodshed and countless hours of work have been expended by unions in Southern organizing drives, the South remains one of organized labor's most serious organizing problems. The massive Southern drive expected to follow the merger of the American Federation of Labor (AFL) and the Congress of Industrial Organizations (CIO) failed to materialize because the AFL-CIO Executive Council thought such a campaign had little chance of success in view of past failures.<sup>1</sup>

There were, in 1953, approximately 1,700,000 union members in the South;<sup>2</sup> about 17 percent of the region's nonagricultural employment was unionized, as compared with about 33 percent for the United States. Though union membership increased by 187.5 percent in the South between 1939 and 1953, and only 148.8 percent in the non-South,<sup>3</sup> Southern union membership was only 57.7 percent of what it would have been if industries in these states had been as well organized as in the rest of the country.<sup>4</sup>

There seems to be little correlation between nonagricultural employment in the South and union membership (see Table 1). The rank coefficient of correlation between these variables (.498) is not

<sup>1</sup> It is impossible to calculate the exact membership results and costs for various unions during the CIO's 1946 "Operation Dixie." The estimated cost of the campaign was to have been \$1,800,000 a year. (*CIO Executive Board Minutes*, March 15 and 16, 1946, pp. 217-224), but this was reduced considerably because the unions would not pay the amount pledged for the campaign. (*Ibid.*, January 22, 23, 1948) The average amount spent during the campaign by the CIO directly was about \$90,000 a month. In addition, other unions spent large amounts. The TWUA, with the largest stake in the South, spent \$95,000 a month itself, at least during the first part of the campaign. An estimate of \$8,000,000 spent during the campaign is probably an understatement. The director of the Southern campaign claimed 400,000 members when the drive started and an additional 400,000 organized through January, 1948, which would have given the CIO 800,000 members in the South in 1948, which is the number claimed by Phil Murray. Troy estimated 400,500 CIO members in the South in 1953. (Leo Troy, "The Growth of Union Membership in the South," *Southern Economics Journal*, Vol. XV (April, 1958), p. 409.

<sup>2</sup> As used in this paper the South includes: Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Texas, and Virginia.

<sup>3</sup> Troy, *op. cit.*, pp. 409, 413.

<sup>4</sup> *Ibid.*, p. 414.

TABLE I  
 Nonagricultural Employees, Union Membership and Proportion of Nonagricultural Employees Organized, 1953  
 (12 Southern States Ranked in Order of the Size of Each Component)

Rank	Nonagricultural Employees <sup>1</sup>		Union Membership <sup>2</sup>		Per Cent of Nonagricultural Employees Organized <sup>2</sup>	
	State	Number	State	Number	State	Ratio
1	Texas	2,227,900	Texas	374,800	Kentucky	25.0
2	North Carolina	1,012,000	Tennessee	187,300	Alabama	24.9
3	Georgia	906,200	Alabama	168,300	Tennessee	22.6
4	Virginia	900,200	Virginia	156,100	Arkansas	21.6
5	Florida	835,700	Kentucky	155,100	Louisiana	19.5
6	Tennessee	831,800	Florida	135,900	Virginia	17.4
7	Louisiana	696,400	Georgia	135,800	Texas	16.7
8	Alabama	679,900	Louisiana	135,800	Florida	16.2
9	Kentucky	618,800	North Carolina	83,800	Georgia	15.0
10	South Carolina	532,500	Arkansas	67,900	Mississippi	14.7
11	Mississippi	341,500	Mississippi	50,000	South Carolina	9.3
12	Arkansas	316,100	South Carolina	49,700	North Carolina	8.3
	The South	9,899,000	The South	1,700,500	The South	17.1

<sup>1</sup> U. S. Department of Labor, Bureau of Labor Statistics, *Employment and Earnings*, July, 1958, p. 98.

<sup>2</sup> Leo Troy, *Distribution of Union Membership Among the States, 1939 and 1953* (National Bureau of Economic Research, 1957).

significant at the 95 percent confidence level. There is actually an insignificant negative (-27) correlation between the percentage of nonagricultural workers organized and the numbers of nonagricultural workers. The correlation among the Southern states between the percentage increases in nonagricultural employment and union membership between 1939 and 1953 is not significant (.23) at the 95 percent confidence level, but the correlation between the absolute increase in union membership and the absolute increase in nonagricultural employment is significant (.68) at that level, and the correlation between union membership and average weekly wages is significant at the 99 percent confidence level. This suggests that union membership is more likely to be related to the type of industry than to the mere fact of industrialization.

In an *absolute* sense, unionism in the South, as in the United States, is an urban phenomenon. It is not true, however, that the proportion of nonagricultural workers organized is higher in the larger cities. The area in each Southern state with the greatest degree of unionization is not likely to be the largest metropolitan area, which usually contains large numbers of unorganized commercial workers, who are even less likely to be covered by collective bargaining contracts in the South than elsewhere.<sup>5</sup>

The size of companies would appear to be a crucial determinant of union strength everywhere. A 1955 Bureau of Labor Statistics (BLS) study found the extent of collective bargaining coverage related to plant size,<sup>6</sup> and Meyers found that 59% of Texas firms studied employing over 250 employees were unionized as compared with only 10% of those with less than 250 employees. He also found that, while large plants were no more likely to be organized in urban than rural areas, small plants were more likely to be organized in urban areas.<sup>7</sup> In a study of plants in Alabama, Georgia, North Carolina, Tennessee and Virginia, Steel and McIntyre found plant size to be an important determinant of degree of unionization in almost every industry; the average size of the non-union plants in their

<sup>5</sup> "Extent of Collective Agreements," *Monthly Labor Review*, (January 1955), p. 67.

<sup>6</sup> *Ibid.*

<sup>7</sup> Frederic Meyers, "The Growth of Collective Bargaining in Texas—a Newly Industrialized Area," *IRRA Annual Proceedings*, (December 28-29, 1956), p. 286, and "Factors Influencing the Patterns of Growth and Change of Collective Bargaining of Newly Industrialized Areas," unpublished paper presented at the 1954 annual meeting of the Southern Economic Association.

1952 survey was 487 as compared with an average size of 1,187 for unionized plants.<sup>8</sup> Though there were a number of industries in the South with large unorganized firms, there was a significant difference between unionization in large and small plants in almost every case except the pulp manufacturing industry, where the average unorganized plant had more employees (2,117) than the average organized plant (1,237).<sup>9</sup>

The industries that are strongly organized in the United States seem also to be strongly organized in the South,<sup>10</sup> but in each case the proportion of Southern workers organized is probably less than in the non-South. Workers in the more highly skilled categories, like the building trades, are likely to be more highly organized in the South relative to the non-South than manufacturing workers.<sup>11</sup>

Unions are generally weaker in the South than in the non-South, but some areas of the South are more highly unionized than some places in the non-South. A 1951-52 study of various labor markets by the BLS reveals that while Southern cities dominate the list of areas with low (20-49%) proportions of plant workers covered by collective bargaining contracts, Louisville and Richmond ranked ahead of Scranton and Denver and in the same class with Boston, Cincinnati and Hartford in the proportions of manufacturing workers covered by union agreements, while Memphis and Norfolk-Portsmouth ranked ahead of the latter areas.<sup>12</sup> Non-Southern states with lower percentages of non-agricultural workers unionized than the average for the South are North and South Dakota and New Mexico. Kentucky, Alabama, Tennessee and Arkansas all had greater proportions of unionization than North Dakota, South Dakota, Idaho, New Mexico, Utah, District of Columbia, and Oklahoma.<sup>13</sup>

<sup>8</sup> H. Ellsworth Steele and Sherwood C. McIntyre, "Company Structure and Unionization," *The Journal of the Alabama Academy of Science*, January, 1959, p. 38.

<sup>9</sup> *Ibid.*

<sup>10</sup> Meyers, "Factors Influencing . . ." *op. cit.*

<sup>11</sup> See: Kenneth M. Thompson, *Labor Unions in Louisiana*, Division of Research, College of Business Administration, Louisiana State University, 1959, and estimates by the AFL-CIO cited by Leo C. Brown, S. J., "Introductory Remarks" on the panel discussion of "Organization of the Unorganized: The Problems and Areas of Union Expansion," *IRRA Annual Proceedings*, 1956, *op. cit.*, p. 230.

<sup>12</sup> United States Department of Labor, Bureau of Labor Statistics, *Wage Differentials and Rate Structures Among 40 Labor Markets, 1951-52*, Bulletin No. 1135, 1953, p. 17.

<sup>13</sup> Leo Troy, *Distribution of Union Membership Among the States, 1939 and 1953*, (New York: National Bureau of Economic Research), 1957.

This paper explores some of the reasons for these areas of union strength and weakness in the South by relating union growth to factors associated with employers, unions, workers, and the Southern environment.

#### EMPLOYERS

Theories of the labor movement emphasize the attitudes of workers as determinants of union growth, but the employer has probably been as important in causing Southern workers to join or not to join unions as the workers themselves. If the employer elects to deal with the union, or if the union can put pressure on the employer elsewhere and cause him to recognize the union in his Southern branch plants, the union is likely to be strong. The employer's attitudes are likely to be especially important in the South where agrarian-oriented workers tend to feel that ownership gives the boss natural rights to control wages, hours and working conditions.

Branch plants in the South have sometimes been organized almost without a struggle as extensions from unionized centers elsewhere. This partly explains why a study of company structure and unionization in 600 Southern plants found branch plants about twice as likely to be unionized as single plants.<sup>14</sup>

New plants are sometimes more likely to be organized than older ones<sup>15</sup> because unions use the strategy of organizing the nucleus of the workforce, and obtain union shops if possible, before the new plant is operating at capacity. Key workers, who are likely to be brought from the non-South, are sometimes more susceptible to unionization than Southerners. The fact that the union is in the plant before many workers are hired gives it an advantage as compared with older plants where anti-unionism has become institutionalized.

If the union has the company's other branches unionized, the employer frequently will be less opposed to the union in its Southern branches, because it is administratively more convenient to deal with the same union and because the employer might have labor trouble elsewhere unless he deals with the union in the South. However, branch plants might be more difficult to organize if the union is weak, because the company can shift production from struck plants. This is one reason why unions have been weaker in Southern branch

<sup>14</sup> Steele and McIntyre, *op. cit.*, p. 28.

<sup>15</sup> Meyers, "The Growth of . . ." *op. cit.*

plants in the meat, knitting, wood processing, furniture and casket industries than in single plant companies in these industries.<sup>16</sup>

Some employers offer little resistance to unions or actively encourage them. The union might perform valuable functions for the company like regulating competition, providing a source of skilled manpower at a contractual wage, insuring continuity of employment, or providing for the use of the union label. Unions might also perform valuable personnel functions for large employers, such as helping to control the workforce and providing a grievance machinery. Sometimes employers have been motivated by political philosophies to recognize unions; one of the most important victories for unionism in the petroleum refining industry, for example, was recognition of the Oil Workers International Union (OWIU) by Sinclair, in 1934, because of the pro-New Deal beliefs of Harvey Sinclair. This gave OWIU its first national contract and a significant beachhead in the petroleum refining industry; Sinclair is still the only major oil company willing to bargain on a national basis.

Employers might inadvertently promote the growth of unionism by committing unfair acts or acts of violence against workers. The deplorable conditions in coal mines before the 1930's probably account for the philosophical strength of unionism in that industry; on the other hand, welfare capitalism and the almost complete lack of violence in the petroleum industry partly account for the absence of strong philosophical support for unions in the oil industry. Though the employer is now prohibited by law from dominating or interfering with unions, descendents of company unions—the independents—are an additional impediment to national unions in the petroleum refining industry.

A larger percentage of Southern nonagricultural employment is concentrated in low-wage, high-labor-cost, competitive industry than in the non-South.<sup>17</sup> Not only will employers in these industries offer greater resistance to unions, for fear that their tenuous competitive positions will be jeopardized, but unions in these situations have limited possibilities for producing higher wages, and therefore can exhibit fewer gains to justify their existence than is true of their counterparts in more profitable industries.

<sup>16</sup> *Ibid.*, pp. 33-34.

<sup>17</sup> United States Senate, 84th Congress, 2nd Session, Committee on Banking and Currency, Report No. 2830, 1956, p. 21.

## UNION RELATED FACTORS

Economic power frequently determines the union's ability to carry its organization to the workers as well as to overcome employer and community opposition. Those unions which have been successful in the South have usually had strongly organized bases in the non-South from which to operate. The bulk of the textile industry, on the other hand, is concentrated in the South, making it impossible for the small percentage in the North to support a Southern organizing campaign.

The cost of organizing in the South is likely to be much greater than it was in the centers from which unionism is spreading, because the South's unorganized industry is scattered in small towns, where there are few volunteer organizers. In Detroit, Akron, Pittsburgh, and San Francisco, in the 1930's, there were many volunteer organizers from the ranks of the unemployed, and the workers to be organized were concentrated geographically. When the major Southern organizing drives were launched in 1946 by both the AFL and the CIO, most organizers had to be paid due to the lack of strong union-oriented workers and the higher opportunity cost of time. Organizing in the South is also likely to entail court and police action and NLRB delays, which can be extremely expensive.

When the CIO launched "Operation Dixie" in 1946, it was greatly handicapped by inadequate funds because the CIO unions did not subscribe the full amount required for the campaign.<sup>18</sup> This meant that organizers were cut drastically, and even those left did not know from one day to the next whether they would get paid; needless to say this did not create the most favorable psychology from which to meet the exacting demands placed on a union organizer in the South.

The economic power of the union to launch an organizing campaign in the South is related to the inadequacy of the structure and philosophy of the American labor movement for this purpose. The narrow structure of American unions has created jurisdictional rivalries which have sapped the already weakened strength of unions in this region. Strong unions have, with some few exceptions, given only token support to the weaker ones who have the toughest organizing jobs.

Southern workers have sometimes sought out unions in times of

<sup>18</sup> CIO *Executive Board Minutes*, January 22, 23, 1948, pp. 354-367.

trouble and received only meager or no support from them, despite great sacrifices from workers themselves. Sometimes locals in the South have atrophied because the national union did not have sufficient resources to service them after they were organized. During "Operation Dixie," for example, a common complaint was that the unions were more interested in organizing than servicing so that in some cases no contracts ever actually got negotiated.

The union's motivation to organize determines the zeal with which it will attempt to push its growth in the South. If the survival and growth of the national union requires organization, and if union leaders are interested in survival and growth, they will attempt to extend unionism into the South at all costs. On the other hand, if union leaders believe their power is enhanced by limiting membership, they will not be much interested in supporting union organizing campaigns.

The importance of motivation can be illustrated by the Teamsters' (IBT) experience since they were expelled from the AFL-CIO. The IBT has been one of the most active organizations in the South, as well as in the rest of the United States. To be sure, some of the Teamsters' growth is due to free advertising which makes the IBT appear "tough" at a time when employers are getting tough. In 1959, for example, when the Esso Standard Oil refinery in Baton Rouge, Louisiana, got tough and unilaterally imposed an amalgamation of crafts on a weak independent union, the independent's officers called in Jimmie Hoffa; the Teamsters lost the election after the AFL-CIO and community forces rallied to oppose them, but the Company withdrew its amalgamated classification. Whether or not the McClellan Committee's publicity is detrimental to Teamster organizing appears to depend upon the particular workers involved; those who tend to identify with community forces will be repulsed by this unfavorable image; those who do not have this identification seem to be attracted by the Teamsters' economic and physical power, and are not too concerned with its loss of moral power. One reason the IBT is growing while many other unions are declining or stationary, is because the Teamsters are able and willing to undertake more intensive organizing and are not hampered as much by the jurisdictional restrictions of other unions. In 1958, for example, the Teamsters were involved in 1,023 elections as compared with 3,374 for 135 AFL-CIO affiliates. The IBT initiated 80% of the elections in which it was involved and won elections in units covering 14,759 workers.

However, only 39 workers were involved in the average Teamsters election as compared with 103 for the AFL-CIO affiliates; the previous year, only 57% of IBT elections had been in units that small.<sup>19</sup>

Another factor affecting union growth in the South is the public image presented by unions; this factor is also related to economic power and illustrates the relationship between economic and moral power. Since Southerners, like people everywhere, are impressed by symbols of power and success, much depends upon the image that unions project in local communities. If union leaders are known in the area, involved successfully in politics, and the unions' buildings are attractive and prominent, an image of strength is projected. This happens in some areas of the South, but union organizers often do not affiliate with community organizations, and buildings frequently are unattractive, converted dwellings in the shabbiest part of town. The resulting image supports the prevailing belief that unions and union leaders are shady characters who had best be avoided.

Another union-related factor is the degree of internal cohesion, or the stability of internal union power relations. Internal power struggles have sometimes neutralized the unions' organizing efforts and disillusioned Southern workers. The most significant example of this in the South was the conflict between George Baldanzi and Emil Rieve in the CIO Textile Workers Union, which erupted at the 1950 convention.

#### THE WORKERS

The agrarian background of most Southern workers is one of the most significant factors determining their reaction to unions. The individualistic agricultural worker in the South seems to regard the employer's right to control the factory as in some sense natural. In addition, the ex-agricultural worker is likely to be relatively satisfied, for a time at least, with his lot in the factory. The sharecropper or agricultural worker can more than double his real income by acquiring a textile job, and can about double it by getting a job in a sawmill.<sup>20</sup> Higher income and all of these factors that make city life more exciting and attractive, have caused Southern agrarians to seek factory jobs wherever possible. Many of these workers still live on the farms and commute to the factories, making their wages, which are

<sup>19</sup> *New York Times*, April 12, 1959.

<sup>20</sup> United States Senate, Committee on Banking and Currency, Report No. 2830, *op. cit.*, p. 21.

low by non-Southern standards, appear more attractive. Though it would seem that this factor could be turned in favor of unions during strikes, the surplus of labor on the farms is sufficiently obvious to most unskilled workers that they consider themselves fortunate to have a job and will normally be satisfied so long as conditions do not worsen. It has been estimated that there are about a million more workers on Southern farms than are needed.<sup>21</sup> This readily available supply of strikebreakers tends to weaken industrial unions in the South.

Southern workers have revolted at times, but rarely when conditions were improving. Most of the labor unrest in the South has come during the downswing of business cycles when workers protested the worsening of their conditions. This was true in 1929, for example, when a wave of strikes swept the so-called unorganized textile industry to protest the "stretch-out," wage cuts and growing unemployment.<sup>22</sup>

Unions in the non-South have been strengthened because workers have credited them with the improvement in their conditions since unions came in. But unions have been denied this advantage in the South because wages have been rising in the absence of unions. It is perhaps true that unions have been indirectly responsible for wage increases in non-union plants, because employers have raised wages to prevent unionization. But this does not encourage workers to join unions, because they get some of the benefits of organization without the costs.

One of the greatest obstacles to unions in the South is the workers' fear of the consequence of joining a union. Organizers might argue that the employer cannot legally discharge the worker for union activity; but most Southern workers are sufficiently accustomed to direct action, and seeing those with power evade the law, that they are not too impressed by legalities. They also realize that legal protection is intangible and slow in coming, while the employer's vengeance could be swift and difficult to prove. Organizers usually tell

<sup>21</sup> Stefon H. Robock and John M. Peterson, "Fact and Fiction About Southern Labor," *Harvard Business Review*, Vol. 32, No. 2, (March-April, 1954), p. 81.

<sup>22</sup> The effects of business cycles on union organizing demonstrate the importance of power in union growth. Unions probably gain moral power relative to the employer during downswings in economic activity, but the workers' desire to organize at this time is not matched by the economic power to do so. Conversely, as unions acquire more economic and physical power, they tend to lose moral power.

workers that the threat to close the plant is only a bluff, but there have been enough widely publicized cases to persuade workers that the employer means business. For example, when the Darlington Manufacturing Company (of the Deering, Milliken & Company chain) in Darlington, South Carolina, was organized by the TWUA in September, 1956, the stockholders voted to liquidate the plant. An NLRB trial examiner found the company guilty of coercing the employees and closing to avoid collective bargaining, but the only remedy he could give was to order the company to rehire its employees in the unlikely event that it ever resumed operations.

The race issue has probably been greatly exaggerated as a factor impeding union organization in the South, but has undoubtedly had some effect on unions in that region. To be sure, employers have appealed to racial prejudices in representation elections, but it would be difficult to demonstrate that this has been a basic factor in the defeat of unions in many elections. If the election is otherwise close, the race issue might be important, but workers who have become convinced that it is to their advantage to join unions will probably pay relatively little attention to racial questions. Indeed, Negroes frequently have constituted the balance of power throwing elections to unions; this happened, for example, at the Magnolia refinery in Beaumont, Texas, and the important Gulf refinery at Port Arthur, Texas, where the Oil Workers could not have won without Negro support.

A few unions—the United Packinghouse Workers (UPWA), the American Federation of Teachers, and the United Automobile Workers (UAW), for example—have lost locals, and others have lost members and had locals to threaten to secede over the racial equalitarian views of the national unions. In the UPWA case, however, the issue became so confused with internal union politics and the Communist question, that it is not possible to show that the locals left because of the race issue. The UAW expelled a large local at Dallas for refusing to admit Negroes to membership, though not many UAW leaders are convinced that expulsion is the way to handle this problem and it probably will not be used in the future. In Memphis, for example, the UAW placed the large International Harvester local under receivership instead of expelling it, for its refusal to desegregate facilities within the local's new headquarters. TWUA also had to place its Front Royal, Virginia, local under trusteeship to prevent it from giving financial support to a private segre-

gated school. The Harvester and other locals representing branches of companies with nationwide contracts are not eager to withdraw from national unions, because their wages and other conditions have been equalized with those of the non-South; the national's power over its local affiliate is also strengthened when the national, not the local, is certified by the NLRB as bargaining agent.

The Teachers expelled locals at Chattanooga, Atlanta and New Orleans for refusing to integrate, but these unions could not be considered bargaining agents in the usual sense of the term, and they apparently gained no real power from national affiliation. Several attempts have also been made to form segregationist Labor organizations in the South, but none of these generated much support or leadership. The evidence suggests, therefore, that racial factors have not been important impediments to union organization in the South, though they have created some serious operational problems.

Religion has a significant influence on many Southern workers, but it is impossible to say what its net effect on the labor movement has been.<sup>23</sup> Preachers have fought unions and strikers have even been expelled from their churches because of union activities. These attacks have sometimes been at the urging of employers who control the villages in which churches are located, but ministers also have been persuaded by religious convictions to attack unions. The doctrines of some of the minor sects popular in the South contain a fatalism about the desirability of changing conditions in this world and an extreme pacificism which eschews all conflict, strikes, as well as wars. Needless to say, these factors are not conducive to the formation of militant unions.

On the other hand, some religions and religious leaders have fostered the growth of unions because of religious principles. The Catholics have actively encouraged the growth of unions and the important Southern Baptist Convention adopted a resolution favoring collective bargaining. Churches have also provided training in leadership and public speaking for many Southern union leaders.

A survey conducted by a national research organization for the AFL-CIO concluded that one of the main impediments to unionization in the South is the lack of social cohesion among Southern whites. Union leaders with experience in the South discount this conclusion,

<sup>23</sup> Liston Pope, *Mill Hands and Preachers*, (New Haven: Yale University Press, 1942); Lucy Randolph Mason, *To Win These Rights*, (New York: Harper and Brothers, 1952); and *New York Times*, January 9, 1949.

which is perhaps more applicable to the textile community than elsewhere, but is probably exaggerated even here.<sup>24</sup>

Other worker-related obstacles to unions are the large proportions of women in the unorganized industries of the South, especially textiles, garments, and food, and the lack of knowledge of unions in a power structure governed by people with anti-union attitudes.

#### ENVIRONMENTAL FORCES

Law is frequently cited as an important determinant of union growth. The Wagner Act is supposed to have been one of the basic causes of the growth of unions in the United States. However, the greatest growth of unions in the South's basic industries came either before the Wagner Act was passed, as in the case of the crafts and the coal industry, or during the War, as happened in the petroleum industry. It is true that the Wagner Act made it easier for unions to get recognition, changed some of the employer's anti-union tactics, and protected unions from each other, but it did little in a substantive way to cause unions to get concessions from recalcitrant employers. The Wagner Act's greatest influence was probably to increase the union's *moral power*. Since unions and workers thought the act encouraged to organize and workers were emboldened to join unions; however, both of these influences were bound up with the spirit of the times which caused both the law and the growth of unions. Rivalry between the AFL and the CIO was probably a more important cause of union growth.

The War Labor Board (WLB) and the wartime labor shortages probably had a greater influence on labor in the South than the Wagner Act, because the evidence shows that the greatest gains in union membership were made during that period. Unlike the Wagner Act, the WLB procedures made it possible for the union to translate a representation election into a contract, because the War Labor Board had the power to fix contract terms including maintenance of membership and the check-off.<sup>25</sup> The regional war labor boards in the South were frequently called upon to fix contract terms which

<sup>24</sup> AFL-CIO, *Number One Objective . . . A Report of the First AFL-CIO National Organizing Conference*, January 6-7, 1959, pp. 38-47; see also: Solomon Barkin, "The Personality Profile of Southern Textile Workers," *Labor Law Journal*, Vol. XI, (June, 1960).

<sup>25</sup> National War Labor Board, Eighth Region, Releases, August 9, 1944, November, 1944; *Terminal Reports*, Volume I, Chapter 12.

the parties could not and would not have negotiated in the absence of this procedure.

Several features of the Taft-Hartley Act are cited by unions as obstacles to their growth in the South.<sup>26</sup> The law lengthened the time required to hear unfair labor practice cases (a contested unfair labor practice case takes an average of 2 years, 4 months, and 20 days from the filing of the complaint until effective judicial decree is issued compelling compliance with the Act<sup>27</sup>), so that by the time a decision is reached the worker who has been discharged for union activity will have been unemployed for a considerable time or forced to find a job elsewhere. The "free speech" or "captive audience" provision, it is argued, gives the Southern employer an advantage because he only has to imply that the plant will move, if organized, and the job-conscious Southern worker may be induced to vote "no union."

The Taft-Hartley Act changed the definition of "employer" in such a way as to remove anti-union citizens' committees from the NLRB's jurisdiction. By outlawing the secondary boycott, Taft-Hartley made it difficult, but not impossible, for strong unions to help weaker ones. Perhaps even more important than the provisions of the act is its philosophy. The Wagner Act probably aided unions in the South since their moral power was enhanced because workers really believed the President of the United States wanted them to join unions; Taft-Hartley and the publicity accompanying its passage leaves the impression that unions are undesirable and do not represent the true interests of the workers.

Union representatives are prepared to cite an endless number of cases to illustrate the detrimental effects of Taft-Hartley on union growth in the South. For example, the workers at the O'Sullivan Rubber Corporation in Winchester, Virginia voted 343-2 for affiliation with the United Rubber Workers in April, 1956, but went on strike the following month because they were unable to get a contract. In October of the following year the union was voted out 288-5 by strikebreakers. Taft-Hartley was blamed for the union's defeat because strikers were not permitted to vote in the representation election. Actually, however, the law only permitted formal recog-

<sup>26</sup> United States Congress, 82nd, 2nd Session, Senate, *Report of Labor Management Relations in the Southern Textile Industry*, Washington, U. S. Government Printing Office, 1952.

<sup>27</sup> United States Congress, 86th, 2nd Session, Senate Doc. No. 81, *Organization and Procedure of the National Labor Relations Board*, Washington, U. S. Government Printing Office, 1960, pp. 1-2.

dition of underlying realities; the real reason the strike was lost was the company's ability to recruit sufficient strikebreakers. It is commonly assumed that representation elections and union organization are the same. The O'Sullivan and countless other examples in the South demonstrate that effective unionization takes place only when a contract is signed. Thus, the effects of both the Wagner and Taft-Hartley Acts have probably been exaggerated.

Community hostility to unions in the South is due not only to a natural antipathy for the upsetting influence of a new power center, but also to the effects most Southern leaders think unions have on industrial development. Since Reconstruction, leaders of the "New South" have preached, with almost religious fervor, that the region's salvation lay in industrialization. Every Southern state has a program designed to improve economic welfare by attracting industry.

Anything which interferes with potential economic growth is to be severely dealt with, and the Southerners believe strikes and unions will impede industrialization. This factor partly explains the hostility to unions registered in the passage of anti-labor legislation.

The "right-to-work" laws, which exist in every Southern state except Kentucky and Louisiana, are probably designed mainly to advertise the states' hostility to unions and not to guarantee the right to work. These laws apparently have not had much influence on union organizing, but have a great symbolic significance.<sup>28</sup> Labor leaders note that Louisiana judges and other governmental officials took a more favorable attitude toward unions when the latter demonstrated their political power by obtaining the repeal of the Louisiana "Right-to-Work" law in 1956. By the same token, unions in other states find officials more hostile to them because their political weakness is symbolized by their inability to repeal these laws.

Community opposition to unions is registered in other ways. The local press is likely to be very anti-union during organizing campaigns, and local citizens' committees frequently are formed to fight unions. Local communities throughout the South have passed ordinances making it almost impossible for union organizers to operate. Though the U. S. Supreme Court ruled unconstitutional the Baxley, Georgia ordinance requiring organizers to pay a \$2,000 licensing fee and \$500 for each member organized, because it violated freedom of speech, scores of communities throughout the South keep these

<sup>28</sup> See: Frederic Meyers, *Right to Work in Practice*, A Report to the Fund for the Republic, 1959.

laws on their books for their harassment and intimidation value. Local law enforcement officials and judges reflect the attitudes of their communities, so organizers who are considered "outside agitators" can expect little sympathy and sometimes active opposition.

Company towns have plagued unions in the Southern textile, lumber and coal industries in the past, but automobiles, good roads and the transfer of ownership of company houses to their occupants have reduced the employers' control over workers.<sup>29</sup> At one time company towns made it almost impossible for organizers to contact workers and were a serious obstacle to strikes because the striker lost both his home and his job—a catastrophe indeed in a company town.

#### SUMMARY AND CONCLUSIONS

Theories of the labor movement which attempt to explain union growth in terms of a few simple variables are apt to miss the mark. Union organizing is a many-sided phenomenon and is likely to depend upon intangibles in any given organizing situation, frequently making it impossible for the observer to determine why a particular plant was or was not organized. Generally, the union's ability to organize is determined by the political, economic, physical, and moral power relationships between employers, unions, and workers. The workers in the South's unorganized industries are likely to be relatively satisfied with their improving conditions; even when dissatisfied, however, their power to gain some voice in the formulation of the rules governing their working conditions is reduced by the abundance of unskilled agricultural workers who would like to have industrial jobs. If the employer decides not to deal with the union, he is likely to have greater moral power in the South because of the region's veneration of capital and the weak image projected by unions.

If our reasoning is correct, unions can expect to make little progress among the South's unorganized workers until the following factors increase their power: (1) mechanization and rationalization of agriculture improve the conditions of agricultural workers to the point where they are no longer eager to take industrial jobs at prevailing wage rates; (2) industrialization "soaks up" that part of the labor force which has been displaced from agriculture, but which has not found acceptable employment in the non-South; (3) a gen-

<sup>29</sup> See: Harriet L. Herring, *Passing of the Mill Village*, (Chapel Hill: University of North Carolina Press, 1949).

eration of industrial wage earners emerges which is dissatisfied with current conditions, or economic conditions cause employers to lower wages, increase work loads or otherwise worsen the conditions of industrial workers; (4) the labor movement overcomes its internal problems, acquires strong motivation to organize the South and is willing to make the sacrifices and adopt the strategy necessary to do so. Even when these things happen, unions will continue to encounter such impediments as are bound up with the structure of industry and inherent employer opposition, but they will encounter less resistance from workers, the public and themselves. The trends suggest that unions will grow in the South with industrialization, but that unionization is by no means inevitable, and that it probably will be a long time before the South is as well organized as the non-South.

# OCCUPATIONAL FRONTIERS OF TRADE UNIONISM IN THE UNITED STATES

EVERETT M. KASSALOW

*Research Director  
Industrial Union Department, AFL-CIO*

“National and international unions with headquarters in the United States recorded a decline in total dues-paying membership between 1956 and 1958, reversing a trend that had existed for most of the past two decades,” the U. S. Department of Labor recently reported.<sup>1</sup> Other evidence also suggests that in this period a membership frontier had been reached by the American trade union movement.

This latest Bureau of Labor Statistics (BLS) report provokes remembrance of another historical government report, the population census of 1890, which prompted the historian Frederick Jackson Turner to go before the American Historical Association to call attention to the disappearance of the last great western frontier in the United States, and the significance this disappearance would have for American life. While later research has cast doubt on some of the sweeping generalizations which Turner and some of his followers made about the influence of the frontier on social development and democracy in America, there can be no question that the passing of the geographical frontier was of profound importance for American life.

Of course, students of U. S. trade unionism are concerned with a different type of frontier, namely, that which marks off the occupational lines of American industrial development. And the 1958 union membership survey was undoubtedly reflecting major shifts in the American occupational structure—shifts which inevitably will have far-reaching influence on American unionism and American industrial relations.

It has become commonplace to observe that so far as the work force is concerned the United States has passed over from being a predominantly blue to a white-collar society. I am not sure that judgment is completely correct, but it is true that taking the census figures by occupation you find that as of 1957, so-called white collar workers had come to constitute 40.7% of the labor force as against the blue-

<sup>1</sup>“Union Membership, 1958,” *Monthly Labor Review*, January, 1960, p. 1.

collar or manual workers who were 38.3%. Moreover, this trend toward greater employment of white as opposed to blue collar workers is sharp and clear, and will continue in the decades to come. (This classification leaves so-called service workers in a kind of no-man's land between the blues and whites. My own examination of the groups falling into this service area, however, leads me to believe that not enough of them can be considered blue collar to tip the scales backward again).<sup>2</sup>

As the foregoing Table I shows, the number of white-collar workers in the labor force has grown steadily since 1900 with the greatest gain coming in the not yet fully tabulated decade of the fifties. From 1900 to 1950 the white-collar gains were being made primarily at the "expense" of the working farm population; indeed, non-agricultural manual workers continued to advance as a percentage of the labor force right to the fifties. Since 1950, however, the relative increases on the white-collar side have in substantial part come at the "expense" of manual<sup>3</sup> work, as well as farm employment.

Contrary to popular impression, as the following Table II shows, the relative decline of the manual worker cannot be attributed to an employment decline in manufacturing per se. The sharp declines in transportation and mining employment do, however, account in part for the relative slippage of manual workers in the labor force. The rise in government employment, on the other hand, helped to swell the proportion of white-collar workers. In addition to the largely non-unionized government sector, trade, retail and wholesale, also stands as an area of great potential for organization. Both these sectors, however, are not a "new" challenge to the American labor movement. For this reason, as well as for the reasons of space and time, we shall not try to deal in any great depth with these two sectors of the white-collar problem.

While the overall proportion of manufacturing to total employment has not changed much, the internal occupational shifts in this sector alone may prove to be even more significant for the labor

<sup>2</sup> I am indebted to the assistance of my colleague, Mr. Arnold Cantor, in the preparation of some of the statistical tables used in this study.

<sup>3</sup> Throughout the paper we shall use this word non-manual more or less interchangeably with white collar just as blue collar and manual may be interchanged; from time to time we shall also throw in the term salary workers often used by the Europeans more or less synonymously with non-manuals as opposed to wage earners more or less synonymous with manuals.

TABLE I  
 Percent Distribution by Major Occupation Group  
 for the  
 Economically Active Civilian Population  
 1900 - 1959

Major Occupation Group	1959	1950	1940	1930	1920	1910	1900
Total .....	100.0	100.0	100.0	100.0	100.0	100.0	100.0
White Collar Workers .....	42.4	36.6	31.1	29.4	24.9	21.3	17.6
Professional, technical & kindred .....	10.9	8.6	7.5	6.8	5.4	4.7	4.3
Managers, officials & proprietors exc. farm .....	10.6	8.7	7.3	7.4	6.6	6.6	5.8
Clerical & kindred .....	14.2	12.3	9.6	8.9	8.0	5.3	3.0
Sales Workers .....	6.7	7.0	6.7	6.3	4.9	4.7	4.5
Manual Workers .....	36.9	41.1	39.8	39.6	40.2	38.2	35.8
Craftsmen, foremen & kindred .....	13.1	14.1	12.0	12.8	13.0	11.6	10.5
Operatives & kindred workers .....	18.1	20.4	18.4	15.8	15.6	14.6	12.8
Laborers, exc. farm & mine .....	5.7	6.6	9.4	11.0	11.6	12.0	12.5
Service Workers .....	12.3	10.5	11.7	9.8	7.8	9.6	9.0
Private household workers .....	3.4	2.6	4.7	4.1	3.3	5.0	5.4
Service, exc. private household .....	8.9	7.9	7.1	5.7	4.5	4.6	3.6
Farm Workers .....	8.5	11.8	17.4	21.2	27.0	30.9	37.5
Farmers & farm managers .....	4.6	7.4	10.4	12.4	15.3	16.5	19.9
Farm laborers & foremen .....	3.9	4.4	7.0	8.8	11.7	14.4	17.7

Source: U. S. Department of Commerce—1900-1950  
 U. S. Department of Labor—1959

TABLE II  
 Percent Distribution of Employees in Non-Agricultural Establishments  
 by  
 Major Industry Division  
 1930 - 1959

	1959	1950	1940	1930
	%	%	%	%
Total Non-Agricultural Labor Force .....	100.0	100.0	100.0	100.0
Mining .....	1.3	2.0	2.9	3.4
Contract Construction .....	5.3	5.2	4.0	4.7
Manufacturing .....	31.1	33.5	33.6	32.3
Transportation & Public Utilities .....	7.5	8.9	9.4	12.6
Trade .....	21.9	21.6	21.6	20.8
Finance .....	4.7	4.1	4.5	4.8
Service .....	12.6	11.4	10.9	10.6
Government .....	15.6	13.5	13.1	10.8
Total Non-Agricultural Labor Force .....	51,975	44,738	32,058	29,143
(in thousands)				

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

movement as a whole than the absolute employment declines in transportation and public utilities. For the two-thirds of all production and related workers in manufacturing who are covered by union agreements, account for close to half of all U. S. union membership.<sup>4</sup>

Since the end of World War II, the shift toward white-collar work in manufacturing has been very significant. Just in the past eight years alone we have estimated from some unpublished labor force data that manual workers as a percent of total manufacturing employment dropped almost 5% from 72.7% to 67.8%. White-collar employees in factories rose from 19.9% to 24.9% as the following Table III shows. Union strength in manufacturing is, of course, highly concentrated in the blue-collar sector.

It is also worth noting that in the labor force generally, and in manufacturing particularly, it is the group called professional, technical and kindred workers who have particularly been on the increase in the past decade. Between 1952-1960 in manufacturing, for example, as Table III shows, while the professional and technical group increased by nearly 65%, clerical and kindred white collars increased less than 14%. Indeed, the clerical group in manufacturing shows almost no advance in the past four years.

I dwell here on the manufacturing side of the statistics for the

<sup>4</sup>"Collective Bargaining Coverage in Factory Employment, 1958," *Monthly Labor Review*, April, 1960, p. 349.

**TABLE III**  
**Persons Employed in Manufacturing by Major Occupational Groups**  
**1952 - 1960\***  
(In Thousands)

	1952	1954	1956	1958	1960	% Change 1960/1952
Total Employed .....	16,270	16,735	17,266	16,101	17,400	7.0
Professional .....	858	954	1,043	1,383	1,415	64.9
Clerical & kindred .....	1,922	1,948	2,024	2,061	2,180	13.4
Sales .....	462	468	543	583	575	24.5
Craftsmen, foremen .....	3,226	3,325	3,239	3,220	3,318	2.9
Operatives .....	7,304	7,619	7,917	6,514	7,331	0.0
Laborers .....	1,304	1,190	1,289	975	1,144	-12.3
*For April of each year						

Selected White Collar Occupations as a Percent  
Of  
Total Manufacturing Employment

	1952	1954	1956	1958	1960
Clerical & kindred .....	11.8%	11.6%	11.7%	12.8%	12.5%
Professional & technical .....	5.3	5.7	6.0	8.6	8.1
Sales .....	2.8	2.8	3.2	3.6	3.3

Source: U. S. Department of Labor and U. S. Department of Commerce.

reason that much of what has been new in American mass unionism in the United States in the past 25 years or so has depended on unionism in manufacturing and especially the mass production industries—where unionism was almost entirely absent before 1934 or 1935. For this reason a final brief look at some labor force data in key manufacturing industries will be of help as we try to look ahead to the prospects of unionism in face of the changing U. S. labor force.

Taking the 1948-1959 period as a whole, as the following table shows, production and related workers in manufacturing (and for this purpose production and related workers will be equated with manual workers in manufacturing) as a percent of employment fell a little more than 7.5% but this trend was by no means an even one. In aircraft the drop was nearly 12% and non-manuals now constitute nearly 40% of the work force in this industry. In motor vehicles the decline of production and maintenance employment was less than 5%, and in steel the trend has been in line with the general manufacturing shifts. In chemicals and petroleum the switch to non-manuals has been as spectacular as in aircraft.

In general, however, these trends are becoming so broad and generalized that some of these differential rates may blur in the next decade. Moreover, as Hill and Harbison have suggested, it is usually the expanding and dynamic companies which show the most rapid

TABLE IV  
Production and Related Workers\* as Percent of Total Employment  
Selected Industries, 1948, 1955, 1959

	1948	1955	1959
All Manufacturing .....	83.0%	83.9%	75.7%
Aircraft and Parts .....	73.0	68.4	61.4
Motor Vehicles and Equipment .....	82.9	82.6	78.5
Machinery and Non-Electrical .....	78.5	74.1	70.3
Electrical Machinery .....	75.4	73.1	67.6
Basic Steel .....	87.7	85.7	79.8
Rubber Products .....	80.9	79.0	76.7
Petroleum Refining .....	74.8	65.7	63.6
Chemical and Allied Products .....	74.6	67.3	62.6
Paper and Allied Products .....	86.0	82.4	80.2
Ship and Boat Building and Repairing .....	87.6	85.9	83.2
Stone, Clay and Glass Products .....	87.0	84.1	81.6
Textile Mill Products .....	93.6	91.4	90.5
Apparel and Other Finished Textile Products	90.3	89.3	89.2

\* Production and related workers include maintenance workers, working foremen and various service workers such as janitors, warehousing, etc. who are closely associated with production operations.

Source: U.S. Department of Labor.

increases in non-manual employment<sup>5</sup>. American unionism has usually had an eye for the "lead company" in its collective bargaining tactics and objectives; and the necessity for maintaining strength in these lead sectors should turn the labor movement increasingly toward this problem.

#### CHANGING UNION FRONTIERS AND THE CHANGING WORK FORCE

There has been a fair amount written in recent years about these great technological and occupational changes and their general significance for trade unionism in the United States. Indeed, immodestly, I have written on this myself<sup>6</sup> and I won't dwell here too long since I want to concentrate more on *the prospects* for U.S. unionism in the white collar field in the years ahead.

It is clear, however, that until now American trade unionism has been very largely a manual workers' unionism. The BLS today estimates that only about 12% of American union members are in the white collar ranks.<sup>7</sup>

So long as the American labor force was essentially manual in character, American unionism could look upon itself as *the* modern social mass movement. Moreover, in this capacity it could continue to act as *the* social force speaking on behalf of the great mass of employees who work for a living throughout the economy. Again in the great, basic industries of the nation its representative function and character was so overwhelming as to risk little challenge in industrial relations.

I am not entirely certain about what the labor force shifts might do to labor's collective bargaining power in areas such as auto, steel and the like. It can be argued that a relatively smaller well-unionized blue collar force might have even more leverage at the point it represented only 40% or 50% of the work force (the rest being non-manuals, mostly not unionized) and 50% of labor costs (!) than it has today. Such after all has been the bottleneck kind of rationale characteristic of some craft unions. I think, however, that the successes of American industrial unions, at least, have been keyed to their mass

<sup>5</sup> Samuel E. Hill and Frederick Harbison, *Manpower and Innovation in American Industry*, Industrial Relations Section, Princeton University, 1959, pp. 53-56.

<sup>6</sup> See E. M. Kassalow, *Automation and Technological Change: A Challenge to the American Labor Movement*, Industrial Union Department, AFL-CIO, 1958. Also see *Dissent*, Autumn 1959.

<sup>7</sup> *Monthly Labor Review*, January, 1960, p. 5.

hitting power and it is hard for me to see them as fully effective along other lines.

Certainly, in the long run, there can be no question that labor's central social and political position as a power in modern society could well be weakened if it remains an almost purely blue collar force.

Incidentally, this "threat" or "challenge" which the rise of the non-manual worker poses to the political and social role of the labor movement in the U. S. is not at all unique in western society. Similar labor force trends are closing in on other labor movements (trade unions and/or socialist parties) in other countries.<sup>8</sup>

Speaking before the British Labour Party's 1959 Conference, party leader, Hugh Gaitskell clearly recognized the problems of a manual workers' movement caught up in a changing society as he sought to explain the voting trend away from the Labour Party in recent elections.

"What has caused this adverse trend? It is, I believe, a significant change in the economic and social background of politics. First, there is the changing character of the labour force. There are fewer miners, more engineers; fewer farmworkers, more shop assistants; fewer manual workers, more clerical workers; fewer railwaymen, more research workers. Everywhere the balance is shifting away from heavy physical work and towards machine maintenance, distribution and staff jobs. Go to any large works in the country, as I happened to have done a good deal in the last couple of years, and you will find exactly the same story. It is an inevitable result of technological advance. But it means that the typical worker of the future is more likely to be a skilled man in a white overall, watching dials in a bright new modern factory than a badly paid cotton operative working in a dark and obsolete 19th-century mill . . ."<sup>9</sup>

Labor force trends in the U. K. are broadly parallel to those in the U. S. Between 1931 and 1951, for instance, clerks and typists increased 66%, professional and technical workers 55%, while the number of unskilled and semiskilled manual workers decreased 13% and 6% respectively.<sup>10</sup>

<sup>8</sup> For some detailed data on the trends of non-manual employment in other countries see *International Labor Organization, Problems of Non-Manual Workers, including Technicians, Supervisory Staff, etc.*, Geneva, 1958, pp. 3-7.

<sup>9</sup> *Labour Party Annual Conference*, November 28-29, Blackpool, 1959, Main Speeches, p. 6.

<sup>10</sup> Data taken from Division of Foreign Labor Conditions, U.S. Dept. of Labor.

The British Trades Union Congress has made a little more progress than has the AFL-CIO in organizing white collar workers, but the TUC, too, remains basically a manual worker oriented movement.

In Denmark, to choose another example where similar labor force trends are in process, the Danish Socialist Party and the Danish Trade Union Federation have made a number of program changes to broaden their appeal beyond the traditional bounds of manual workers. The names of party and union newspapers have also been deliberately changed to provide a new look. In the case of the Danish Labor Federation, the old name of "The Worker" gave way to "Wage and Work".

In other European countries this problem is being met in different ways by the labor and trade union movements. We shall try below to see what light some of the experience in these more "developed" (at least in these social respects!) societies sheds on the prospects of U. S. white collar unionism.

#### SOCIAL FACTORS AND THE PROSPECTS FOR WHITE COLLAR UNIONISM

So much has been written by Lockwood, Mills, Centers and others about the social background differences between white collar and blue collar workers that a student coming to the problem today need merely pick and choose those aspects of this problem which seem to be most interesting in the context of the prospects for unionizing the non-manual worker.

In the past it does seem that there were some significant social differences in the family origins of white collar as opposed to blue collar workers. Forty or fifty years ago the average clerk very likely came out of a middle class, possibly a lower middle class family—his father having been either a clerk or a foreman. This was clearly true in Great Britain and it was probably true in the United States as well.

The enormous increase in the number of white collar jobs, the general levelling up in secondary education, the closing of the gap between white collar and blue collar salaries, these and other factors are tending to blur this earlier distinction in the family background of the white collar worker in industry. Lockwood points out that in England, especially in the younger age group of clerks, working class family background is increasingly common.<sup>11</sup>

<sup>11</sup> David Lockwood, *The Black-Coated Worker*, Oxford, 1958, pp. 106-110.

In the United States the distinction in origin probably was never as acute as on the Continent. Surely it is common today to find in a given establishment fathers and brothers working in the production end of the shop while other brothers, sisters or wives are employed in the office force. Needless to say, unions recognize this and count upon it as one means of entry for the union. The United Steelworkers of America, for example, has noted that among the very first group of office workers unionized in basic steel at the Elwood City, Pa. plant, at least half of the 13 founders of the local union had a father, son or brother with a production job in the Elwood City plant of U. S. Steel's National Tube Division.<sup>12</sup>

Still, the problem of social differences will not be an easy one for unions to overcome. There is still a tendency on the part of some unionized production workers to look upon the office force as something separate and apart and, indeed, as a part of management. Many unionists can recall white collar workers trooping to work while the unionized blue collar workers were manning picket lines. There is resentment, too, over the fact that, so far as economic gains are concerned, non-unionized white collar workers in very large companies have tended to ride in behind the gains won by the unionized blue collar workers, especially in the post World War II period.

Judging by what has happened in western Europe, there are some special social factors which will make the task of unionization of key groups of non-manual workers, especially in industry, more difficult in the U. S. than in certain European countries. Thus, in Great Britain and a number of countries on the Continent, technicians have tended to be recruited very heavily from the blue collar ranks. The blue collar and union experience of so many draftsmen in British industry, for example, helps to account for the great success that particular union has enjoyed in British industry. In the United States technical workers have less often been recruited from the blue collar ranks and have less frequently had any trade union experience. In Sweden, however, where technical workers are rather well organized in a separate White Collar Federation (TCO), they seem to have been recruited into industry more along the United States lines, namely, from colleges and special technical schools, and less commonly from the ranks of upgraded blue collar workers. In the future,

<sup>12</sup> *Office and Technical Workers Move Ahead with the United Steelworkers of America*, 1960, p. 13.

with the growing need for technicians and draftsmen, the great majority of them, in all countries, will be recruited from technical schools and colleges.

In passing, it might be well to note that the lack of unionization among foremen and supervisors (in offices) in the U.S. can also hinder the unionization of non-manual workers. Successful unionism among non-manual workers in Europe has undoubtedly been enhanced by the existence of strong unions of foremen and supervisors whose influence over certain groups of non-manuals is considerable.

The special nature and conditions of white collar work have doubtless helped to retard unionism. Typically, working conditions have always been "easier" than for production workers: time clock pressures have been less in evidence; work pace is easier; paid vacations and holidays were granted at a much earlier date; job security has been higher, and so forth. Rightly or wrongly, too, the white-collar worker has always tended to have some identification with management. While there has doubtless been much exaggeration of upward mobility into the ranks of management on the part of white-collar workers, there does seem to be some fundamental difference here between white and blue collar groups. A typical blue collar worker can look quite plausibly to the possibility of advancement into the ranks of foreman, but the lines into middle or upper management are virtually non-existent for him. While the lines may be very thin on the white collar side, they do exist to some extent. Fritz Croner, distinguished student of the salaried worker problem, notes that by function many of the very tasks white-collar workers perform were "once performed by the employer."<sup>13</sup>

The Central Organization of Salaried Employees in Sweden (TCO), distinguishing between blue collar and white collar outlook, notes that white-collar workers "have the possibility of making a career for themselves—a possibility which has been gradually reduced by the rising number of competitors but nevertheless still exists. Almost all salaried employees regard opportunity for promotion as a practical reality—an essential difference between salaried employees and manual workers."<sup>14</sup>

<sup>13</sup> Fritz Croner, "Salaried Employees in Modern Society," *International Labor Review*, February 1954, Reprint, p. 9.

<sup>14</sup> TCO, *The Central Organization of Salaried Employees in Sweden*, 1953, pp. 13-14.

CHANGES IN THE RELATIVE ECONOMIC STATUS OF  
BLUE- AND WHITE-COLLAR WORKERS

In every European country where white-collar unionism has increased rapidly in recent years, union officials give great weight to the fact that for the past 20 or 30 years unionized blue-collar workers have made proportionately much greater economic gains than the white-collar groups. Trends as between the two groups in the United States are, however, not so clearly favorable to the blue-collar worker.

Looking at the past 50 or 60 years one can, of course, show a clear narrowing of the economic "gap" between blue- and white-collar workers. Writing some years ago, C. W. Mills gave considerable emphasis to this point. Surveying the period from 1890 to 1948, he noted that each phase of the business cycle, "as well as the progressive rise of all income groups has resulted in a narrowing of the income gap between wage-workers and white-collar employees."<sup>15</sup>

During the thirties and right through World War II, and perhaps for a short while thereafter, the rise of mass blue-collar unionism and a favorable labor market both had the result of accelerating the relative economic gains of the blue-collar worker. Since the late forties this has no longer been true. As the following table shows, if one takes key white- and blue-collar occupations, the trend toward leveling which was so clear from, say, 1939 to 1950, has actually been reversed.

<sup>15</sup> C. W. Mills, *White Collar*, N. Y., Oxford Press, 1951, p. 72.

TABLE V

Occupational Group	Median Wage or Salary Income-Men			Percent Increase in Wage or Salary Income	
	1958	1950	1939	1950-1958	1939-50
White Collar:					
Professional, technical & kindred workers .....	\$5956	\$3874	\$1809	53.7%	114.2%
Clerical & kindred workers .....	4398	3002	1421	46.5%	111.3%
Blue Collar:					
Operatives & kindred workers .....	3909	2736	1007	42.9%	171.7%
Laborers, except farm & mine .....	2486	1850	673	34.4%	174.9%

Source: U.S. Department of Commerce, Bureau of Census.

As the U. S. Census Bureau remarks about these figures, "Since 1950, the narrowing of differentials among major occupation groups appeared to have halted, and there is even some evidence that this has been reversed. . . ." <sup>16</sup>

From a purely tactical viewpoint, *so far as relative economic conditions are concerned*, it is probable that large numbers of white-collar workers were more ripe for unionism in the decade of the forties. For the years ahead American unions seeking to organize white-collar workers will not have some of the favorable economic conditions which have helped some European labor bodies.<sup>17</sup>

#### CHANGING WORKING CONDITIONS AND THE PROSPECTS OF UNIONIZATION

So long as most white collar work was of an individual and non-routine character, the possibilities of unionization were slim. In the past, white-collar jobs in industry were often peculiarly geared to the particular work place. This meant, in a sense, that there was almost no such thing as a white-collar or at least a clerical labor market. The special relationship of each job to its own enterprise or office tended to prevent the development of a broader group consciousness among white-collar workers either within an enterprise or of an inter-enterprise character. It also made workers more dependent upon their particular enterprise since it made them highly vulnerable when unemployed.

Much of this peculiar individuality has been disappearing in an important part of American industry. One now finds large batteries of clerks, punch card operators, comptometer operators, and the like, employed by many firms. Here the special individual consciousness or characteristics of the white-collar worker are disappearing. More and more white-collar workers are being routinized and bureaucratized. The white collar worker's relationship with his supervisor is more remote, and in most instances he has no individual contact with the public. Furthermore, since such large numbers are employed, there is a considerable blockage of upward mobility.

It is not surprising that the unionization of white-collar workers

<sup>16</sup> *Income of Families and Persons in the United States: 1958*, Current Population Reports Commerce Income Series, P- 60, No. 33, p. 6.

<sup>17</sup> It would appear that the increasing demand for white-collar workers in Europe too may sooner or later reduce the relative economic gains of the blue-collar workers. Such a reversal of the favorable trend for blue-collar workers in fact seems to have already begun in a few European countries.

in the past has often been most successful in western Europe among government employees. Government jobs often reflect the characteristic trends toward routinization and depersonalization which have been outlined above. As these same trends advance in the general economy, it is possible to predict the development of a kind of group consciousness and group identity which will more and more replace the individualism of white-collar work in the past.

It is worthwhile distinguishing at this point between the necessity for group consciousness to develop as a forerunner of successful unionism as opposed to the more popular notion of class consciousness. A British writer notes, "It is important to realize from the beginning that action in concert, while obviously an expression of group consciousness, is not necessarily an expression of class consciousness. There is no inevitable connection between unionization and class consciousness. A high degree of unionization and a high degree of class consciousness may go together; but so may a high degree of unionization and a low degree of class consciousness. . . ." The same writer, however, adds that only at the point a white-collar union becomes involved with the broader center of trade unionism will it "have to come to terms" with the wider class action of trade unionism as a whole.<sup>18</sup>

A rather striking instance of mere group consciousness being sufficient for the establishment of effective unionism is furnished by the Airline Pilots Association. Some successful instances of engineering unionism in the United States are further evidence of the solidifying force of group consciousness without the usual class consciousness that is sometimes associated with unionism. Let it be noted here, too, that the sense of status about which so much is made of as a barrier to unionism among white-collar workers may not be so all important. Certainly among airline pilots, for example, the sense of social status and distinction is still high on any occupational scale.

Experience to date suggests that the question of whether or not a given white-collar union affiliates with the broader body of organized labor may *perhaps* be kept on the side without necessarily preventing the development of much unionism; but one thing that does seem clear is that this group consciousness must be translated into clear-cut unionism and not some vaguely concealed in-between body.

<sup>18</sup> Lockwood, *op. cit.* p. 137.

I am convinced that one reason why some of the white-collar engineering unions of the past decade collapsed was their failure to develop among their members a clear-cut acceptance that a union must act and regard itself as a union. Attempts to cover this with the notion that the organization is of a purely professional character and/or an arm of management will not stand up in the long run before aggressive management.

#### SPECIAL COLLECTIVE BARGAINING PROBLEMS AND ISSUES FOR WHITE COLLAR WORKERS

It is, of course, difficult to forecast with any precision just what the special collective bargaining problems of white collar workers may turn out to be since our experience in this field is as yet limited. I must say that an examination of agreements covering white collar workers in U.S. industry doesn't reveal very much. The striking thing I have found is that these agreements are similar to agreements covering production workers in the same industries and companies.

There is, however, enough experience to indicate some collective bargaining areas where white collar members have different interests from the blue collar workers.

*Vacations, Pensions and Insurance:* Typically, for example, white collar workers have enjoyed and may expect to continue to enjoy better vacation and sick leave plans than have normally been bargained for by the industrial unions. There seems to be some evidence for believing that pension, insurance and welfare items may command even greater support among white collar workers than blue collar workers. Interest in pension and life insurance items of course, is often somewhat limited among women workers who often have no long term perspective of continuous employment. Greater, normal job security among white collar workers *may* also mean less interest on their part in such programs as supplementary unemployment insurance.

Looking at the instances of successful bargaining for white collar workers, however, I think that it is too easy to exaggerate these differences. Once organized, it seems that the collective bargaining needs and programs of the different groups of workers will probably show many more similarities than differences. This also suggests that once the main body of the labor movement brings itself face to face this problem of organizing white collar workers, it may not be as difficult as some people have imagined or feared.

*Wages:* We have had enough experience here and abroad to make some judgments about some differences that may occur in negotiation of wages once large groups of white collar workers have been unionized; or, to put it another way, if they are to be unionized successfully.

European white collar unions generally have stressed the fact that in contrast to the unions organizing manual workers they expect and accept a wage structure which is far more widely spread from lower to top occupations. The white collar union of Sweden expresses this in terms of its departure from the basic "policy of solidarity pursued" traditionally by the manual workers' central union federation.<sup>19</sup> The very powerful Austrian union of non-manual workers in private industry has indicated that it first encountered some objection from the central Austrian organization when it insisted on parting from the solidarity principle in negotiating wages for its members. However, it persisted in its policy since it found that the acceptance of a greater spread in the wage structure was indispensable in the effective organization of white collar workers.

The so-called solidarity principle which generally favors the compression of the wage schedule to the advantage of lower paid workers at the expense of higher skilled workers had always had less support in American labor than in Europe (an exception was the period of the 30's and perhaps during the period of the National War Labor Board). This factor, therefore, should not prove to be too troublesome in adjusting traditional union policy in the U.S. to meet the challenge of white collar organizing.

*Automation:* The introduction of giant computers and other electronic devices in office work is already causing a considerable upheaval among many groups of white collar workers. Here, clearly, will be an area where unions can offer something of basic and far reaching importance for white collar workers. At the American Can Company, the Steelworkers, for example, have negotiated a clause designed to help provide new jobs and training for office workers displaced by these machines.

"When the installation of mechanical or electronic office equipment at office locations which are represented by the union will have an effect on the job status of employees, management will

<sup>19</sup> TCO, *The Central Organization of Salaried Employees in Sweden*, 1953, p. 13.

notify the local union grievance committee in advance of such installation.

"In the event such mechanical or electronic office equipment is installed, management shall provide reasonable training arrangements for the employees who were displaced from their positions by such installation in order that such employees may have an opportunity to become qualified as required for newly established jobs on such installations.

"The balance of the employees whose jobs are discontinued will be given reasonable training in order that they may become qualified to take other jobs in the unit to which their seniority entitles them."

Confronted with a similar problem in the accounting offices of several railways, the Brotherhood of Railway Clerks has successfully negotiated plans which prohibit the company from laying off any workers in the wake of the introduction of new computers. Displacement and redundancy are to be handled through normal turnover.

The enormous shifts in corporate organization which the increased use of high speed computers will bring about will probably cause the kind of white collar job disruption which could intensify the need for unionization. Furthermore, as the proportion of white collar workers employed in industry grows, it becomes increasingly difficult for employers to ignore the cost side of white collar employment. We shall probably not see a repetition of 1954 or 1958 when, despite the recession, layoffs among white collar workers were rather light.

*Strikes:* It is hard to generalize as to just what the attitude toward strikes is or will be among unionized white collar workers. There does seem to be some feeling that there is perhaps less militancy, or at least less willingness, to strike among such groups.

Among unionized engineers, for example, Goldstein contends that the very handling of grievances is looked upon as something which should "not come to be a matter of conflict between engineers and management." Goldstein also adds that among engineers there are "strong feelings against the use of a strike weapon."<sup>20</sup> Perhaps it was this view of white collar workers and their attitudes toward strikes, which motivated the Steelworkers to say in an organizing brochure directed at office and technical workers that "The United Steelworkers of America deplore strikes" and does not sanction them

<sup>20</sup> "The Perspective of Unionized Professionals" by Bernard Goldstein, *Social Forces*, May 1959, p. 325.

until "every possible means" of a reasonable settlement has been tried. In the same leaflet, the Steelworkers emphasized their close relationships with management and suggested that many times in conferences company officials have indicated, "If I were in the mill or office or laboratory, I would be in the union."<sup>21</sup>

The militancy of white collar groups, once unionized, may to some extent be a function of their occupations. Thus, the aggressive character of British draftsmen and supervisors, and to some extent of unionized U.S. engineers, may reflect a surer sense of profession or occupation. (The same would be true of the Airline Pilots, already referred to.) In some respects there is almost no one as "isolated" in modern economic life as the general, white collar clerk. Often his or her job is peculiarly geared to one office or supervisor, though as previously noted this is changing with the bureaucratization of larger units in many branches of industry.

#### THE FORMS OF WHITE COLLAR UNIONISM

When it comes to a question of what form white collar unionism is likely to take, experience to date certainly offers no firm guidance judged either in the U.S. or abroad. Whether, for example, the white collar worker by and large, when they are organized (should I add if), will be part of the main central labor federation or whether they will be in a separate new federation is a question that can't be answered easily. Experience in Europe supports both possibilities. The two most successful instances of broad organization of white collar workers are presented in Sweden on the one hand and in Austria on the other. In Sweden the unionization of white collar workers took the form of a separate federation with different affiliated national unions covering the various industrial sectors. In Austria, the task was accomplished just as successfully within the framework of the traditional labor federation. Experience in Britain and Germany is not conclusive at all on this point.

There is at least one important ground for believing that the existing central labor movement in the U.S. could be sufficiently flexible to embrace the millions of American white collar workers. To some extent those instances where white collar workers have organized entirely separate organizations can be attributed to the

<sup>21</sup> *Office and Technical Workers, Your Key to a Better Future*, United Steelworkers of America, Pamphlet No. PR-105, August 1960.

fairly sharp social cleavages between white and blue collar workers; thus, in much of continental Europe there exist what one can term differences, almost of a class character between blue and white collar groups. Moreover, to some extent these differences have even been "recognized" officially. Thus, in a number of European countries separate social security systems have been established for white and blue collar workers.

While some social differences between white and blue collar workers do exist in the U.S., as we have indicated above, certainly these differences aren't "class deep"! In addition, unlike the great labor federations of Europe, the AFL-CIO has never had a purely "working class" stamp upon it.

To put it another way, the traditional socialist, and in a few cases Marxist or Neo-Marxist tradition and history which clings to some of the great European trade union centers, gives them an industrial proletariat identification. Lacking this past and tradition, the AFL-CIO has at least this advantage as it moves in this field. Part of the striking success of the post-World War II Austrian Labor Federation (OGB) in the white collar field can be attributed to its ability to detach itself somewhat from the Austrian Socialist Party, and make a successful appeal to Catholic as well as to Socialist workers.<sup>22</sup>

My own best guess is that the most serious new efforts to organize white collar workers in America in the next decade or so will probably stem from drives by the existing major industrial unions of the AFL-CIO.

This should be accompanied by a continuation of the strong union advances already being recorded in the retail trade field.<sup>23</sup> The large increases in public employment almost guarantee that unions in this sector will continue to grow. A really sharp step-up in the unionization of public service employees, however, may depend upon finding new resources for the unions in that area. In addition, there will

<sup>22</sup> I don't wish to exaggerate this point, since many top leaders of the OGB are, of course, often important Socialist Party leaders as well. Yet leaders of the leading white collar union stress the important advantages they have gained from the post-war structure of the OGB, which made room for Catholic as well as Socialist workers, in contrast to the pre-war structure. Recently one leading Austrian Socialist leader explained that Marxism, in Austria, had become like religion, a matter of private conscience for the individual member so far as his party was concerned!

<sup>23</sup> The Retail Clerks Union, for example, has multiplied over three times in the post World War II period.

probably be an evolution toward new forms of industrial relations in the public sector. As I have previously indicated, these areas are not "new" problems for organized labor and for this reason, as well as for lack of time and space, we are not treating them in detail in this paper.

In forecasting the possibility of organizational advances I am mindful of the fact that the great surges of union organization in the past have often been a product of social forces external to the labor movement itself, such as war, inflation and depression. The shaping role of such "external" social forces will, of course, continue to be an important factor in future organizing. The very existence of mass trade unionism in the U.S. today, however, reduces somewhat the element of "spontaneity" in the situation. It seems likely that one way or another the AFL-CIO and its constituent unions will be a major force in the how and the when of organizing white collar workers. This would be true even if the job somehow came to be done outside the AFL-CIO.

Returning to the problem of the white collar worker in industry, and my guess about new drives by industrial unions, I think this is going to be true for several reasons. In the first place, the nature of economic power in the U.S. tends to be company and/or industrial in character. To counterbalance this company economic power, workers must be organized along roughly parallel lines. This seems to mean that white collar workers, to be effective in a bargaining sense, must be organized in intimate relationship with existing production and maintenance workers' unions. It is conceivable, of course, that there can be "craft" white collar unions in the great sectors of U.S. industry; however, the failures of craft unionization efforts in most mass-production industries and companies prior to the mid 30's show the difficulties, if not the futility, of plural unionism in these situations.

It is, moreover, interesting that even in those cases in Europe in which broad craft-like unions have been set up to cover all white collar workers in industry, it has always been necessary to break them up into separate industrial segments for bargaining purposes. These separate segments, for example in the chemical, metal working or textile industries in Austria and Germany, each negotiates a separate agreement covering wages and working conditions in its respective industrial area. In the U. S. where the locus of bargaining power is set even more deeply into company structure as opposed

even to industrial structure, the possibility of effective bargaining for white collar workers through a broad national craft type of union seems to present great difficulties. I cannot imagine a union of clerks and secretaries which cuts across all private industrial lines bargaining successfully with General Motors. I doubt, for example, that any serious bond of group consciousness links a GM clerk with one in the Chase-Manhattan Bank, and in the absence of such a bond, I can't see the basis for that kind of unionism.

Again, I must note, too, that the important resources that may be necessary to do the job of unionizing non-manual workers in industry are to be found in the industrial unions who also claim jurisdiction in this field. It is hard to see how these resources could be mobilized at the same time that the large industrial unions are asked to relinquish their jurisdictions to a new (or at least newly refurbished), purely white collar union.

Judging from labor history, too, it is hard to see how a large body of relatively unskilled or semi-skilled white collar workers could succeed in organizing along craft lines, when not even skilled craft workers were able to stand up separately against the great industrial corporations of the U.S.

In passing, I should note that this leaves an enormous field where more purely white collar types of organizations will have sway. I am thinking of insurance companies, banks, general office buildings, and so forth. Here I think the problem of mobilizing sufficient resources to do the job presents great difficulties. On the other hand, when and if the leading industrial unions make up their minds to tackle this job within their jurisdictions, resources will probably become more generally available for white collar unionism.

#### MAJOR STRUCTURAL CHANGES NEEDED IN UNIONS

But do not misunderstand me. If the AFL-CIO and/or the major industrial unions are to be successful in organizing new millions of non-manual workers, there will have to be some major structural shifts in the present day labor movement.

From what I have seen in Europe, I find that one of the difficulties is intangible, but real, namely that the history and tradition of the typical central labor federation tends to cast it in the image of a purely blue collar organization. In Great Britain, for instance, Anne Godwin, Chief Officer of one of the important white collar unions writes, despite "the widespread interests of the TUC" which "are so

truly national in character that it is absurd to suggest that it represents any longer only the horny-handed section of the community" the fact persists that it is widely looked upon as a strictly manual workers organization. Miss Godwin suggests that this is because fundamentally the structure of the organization has barely been changed since 1919 so far, for example, as the division of seats among the occupational groups who constitute the general Council are concerned. This is true even though remarkable changes have taken place in the industrial and occupational structure of the country. She complains that "the fact is that under the present structure, the non-manual elements in the TUC are largely overshadowed or lost within groupings dominated by the giant unions."<sup>24</sup>

Some recognition has been given to the need for serious structural change and the more effective representation of non-manual workers in the top councils of several of the older European federations. In the Netherlands, for example, a special commission and office has been set up to coordinate the needs and interests of non-manual workers on an inter-union basis, at a high level of the central federation. In Great Britain an annual, national conference of non-manual workers in the TUC has been organized. This Conference oversees a special skeleton organization which tries to look after the special needs of non-manual workers.<sup>25</sup> In addition, a National Federation of Professional Workers operates on behalf of a group of 35 affiliated unions of the TUC to extend the interests of white collar workers.<sup>26</sup>

Without necessarily assuming that the U.S. will or must follow exactly the European pattern, it would seem to me that some structural face lifting will be necessary if the AFL-CIO is to make a new and more vivid appeal to non-manual workers. Moreover, judging by experience in other countries, such structural changes are genuinely necessary if the prevailing blue collar interests are to be modified in terms of the needs of white collar workers. I have in mind something like a special department or division for white collar worker problems at or near the top structure of the labor movement itself.

<sup>24</sup> B. Anne Godwin "Workers in White Overalls" *Socialist Commentary*, 1959.

<sup>25</sup> See, for example, *Non-Manual Workers report of 23rd Conference*, held at London 1960, Trade Union Congress.

<sup>26</sup> See *National Federation of Professional Workers 40th Annual Report for the year ended March 31, 1960*.

It is somewhat easier, perhaps, to anticipate the kind of changes which industrial union structure will undergo when and if it moves forward to meet the white collar challenge in industry. Judging by even the limited success of the United Steelworkers there will, at least, have to be separate local unions for non-manual workers as distinguished from production and maintenance locals at the very same company locations. These locals should also have the opportunity of negotiating separate agreements, though it can be anticipated that there will be coordination of expiration dates. In some cases, even two locals may not be sufficient. The IUE which has had some limited but notable success in organizing professional and technical workers, as well as office workers, side by side with production and maintenance workers in the Metropolitan New York area, has found that a triple local union structure—a P&M local, an office workers local and a professional and technical local—seems to serve the need of workers best.

Extending up the national union line, special divisions will be needed within the industrial union structure to help coordinate and extend the interests of non-manual workers. Something like a national salaried workers conference or division, such as the IUE has set up, may be the answer here. A white collar division in the national union can provide the basis for meeting the special union personnel problems that will be posed in the organization of non-manual workers. It would appear that it may take some new organizers more native to white collar work and outlook to help do the job of unionization of non-manual workers that lies ahead.

#### PROFESSIONAL UNIONS—SOME SPECIAL POSSIBILITIES

You can't discuss possible forms of white collar unionism without giving some thought to the unionization of professional workers. Let me first note again the enormous increase in the employment of professional workers, notably engineers, scientists, technicians, in U.S. industry and elsewhere. It isn't numbers, alone, however, which underscores the importance of professional employees. The very nature of modern industrial society is making the engineer and the scientist in industry, as well as the research specialist in the laboratory, a kind of new technological elite.

I am convinced that sooner or later organizations—unions in one form or another—will emerge among these groups as well as for the more routine groups of white collar workers. When, for example, as

is already the case, some firms come to employ batteries of 2, 3, or 4,000 engineers and technicians, the old notion of professional individuality is bound to give way to the needs for group representation.

Curiously enough, there is almost nothing to guide us from past European experience on what is likely to be the nature and character of professional unionism in the U.S. Engineering unionism actually seems to have made a bit more progress here in the U.S. than abroad.

Once again, I think successful engineering unionism in the U.S. will, ultimately, be closely related to P&M unionism in the great U.S. industries. Whether this will take the form of complete integration of professional and high-level technical workers (I am thinking here of college graduates primarily) into the ranks of large industrial unions, I am not quite certain. Even should this be the route, however, there will doubtless be need of institutions which can establish occupational bonds of an inter-industry character among these groups of workers who have such a strong desire for purely professional association.

The conservative political tendencies of engineers could pose some special problems for the "traditional" political programs of American unionism. On the other hand this is not the same thing as saying that engineers will be less interested in political action than the typical union member is today. Indeed, political involvement seems to score much more highly among professional workers than among skilled or unskilled workers.<sup>27</sup>

Developments in Sweden may offer some interesting hint of the nature and form of professional unionism in the future. (Frankly, I keep referring back to Sweden since I have a feeling that the evolution of the welfare state and a society hinged on collective bargaining by all groups, such as Sweden exemplifies, could well be the direction in which all of the West may be evolving.) In Sweden alongside of highly successful blue collar and white collar federations there has sprung up a new organization within the past 13 years called the Swedish College Graduates Central Organization (abbreviated as SACO). After some vagueness of direction in its first few years, this body has emerged as a firm collective bargaining participant in Sweden, representing for the most part employed college graduates in private and industrial life. It has now reached the state where it sits in at the national bargaining table with the Swedish Employers

<sup>27</sup> See A. Campbell, P. E. Converse, W. E. Miller and D. E. Stokes, *The American Voter*, New York, 1960, p. 411.

Federation alongside the TCO which is the white collar labor federation.<sup>28</sup>

Membership in SACO is open only to persons with college education or training and in some cases it organizes both employers and employed people in the same profession, for example, lawyers and physicians.

Aside from its bargaining functions the organization has, as might be expected, a rather conservative political tendency. On tax matters, for instance, SACO has argued that the progressive income tax imposes an unfair burden on persons who enter occupations relatively late in life because of a costly and long education.

#### CONCLUSION

In taking a final look at the problem of union forms as they affect and will be affected by white collar unionism, I must say that if I have sounded sure and dogmatic, I want to correct this impression. When relatively so little has been done as yet, it is really impossible to foresee what the forms white collar unionism will ultimately take. I do remain convinced, however, that the very nature of modern society will compel white collar workers, like other groups, to seek and develop means and methods of representation in the critical industrial decisions influencing their lives.

The distinguished Swedish economist Gunnar Myrdal has written that the world wide trend toward state planning seems gradually to substitute a kind of collective bargaining economy for the old free market economy. With the breakdown of liberal economics, general price and wage agreements covering many different markets in a nation "are made after multilateral collective bargaining" among the different economic groups in the nation. In the light of such tendencies "the interest of equity" will lead all substantial groups to develop bargaining forms, with help from the state in developing bargaining power if necessary.<sup>29</sup> Myrdal, of course, is describing Scandinavia rather than the U. S., yet the drift of events even here seems somewhat similar.

<sup>28</sup> There is a special organization of "leading employees," in Germany, *Der Union Der Leitenden Angestellten*, which in higher levels of supervision and professionals such as engineers, chemists, architects, etc. As yet, however, this organization does not function as a union, but more like a professional association.

<sup>29</sup> Gunnar Myrdal, *Beyond the Welfare State*, Yale U. Press, 1960, pp. 43-46.

As one British trade unionist has put it, "The real query is not whether non-manual workers will organize but whether they will recognize the affinity of interests which has been the central feature of what we call 'the Movement'. Will they, in short, enter the Trades Union Congress or will they go their own way, in isolation from the productive workers?"<sup>80</sup>

Major changes such as are now taking place in the American labor force obviously must have a serious impact upon the trade union movement. There have been periods, in the past, when unionism represented so limited a sector in the American economy it could almost stand aside from the general forces of economic change and development. The advent of mass unionism since the thirties make this impossible for today's labor movement. One way or another it will be vitally affected by the "new frontier" represented in the ever increasing importance of the white collar worker.

Let me conclude by giving you my own opinion that when resources and energy on a sufficient scale are finally turned toward this newer area of unionization we may well discover that most of us have had a tendency to exaggerate its difficulty.

Indeed, as one surveys the organizing efforts of trade unions in the blue collar field in recent years, he is almost driven to the conclusion that a similar outlay of resources in the white collar field would bear greater fruit. In the blue collar areas the labor movement today is up against hard core company and industry hold-out situations which are likely to continue to be difficult to unionize. In contrast, there are almost certainly hundreds of white collar employment situations where an accumulation of grievances and the need for union representation present a greater potential for organization. To state it another way, while the unionization of white collar workers will require some different approaches, these are differences and not necessarily greater obstacles than today confront the trade union movement in blue collar organizing.

<sup>80</sup> Anne Godwin, "Workers in White Overalls," *Socialist Commentary*, 1959.

## DISCUSSION

JAMES A. MORRIS

*University of South Carolina*

It has long been fashionable to analyze the South as an "economic problem area," an "economic frontier" or now as a "frontier of union growth." Too often, however, there is a tendency to overlook the fact that there are many Souths; that is, that there is diversity as well as uniformity in the characteristics that distinguish this region of our nation. When analyzing the problems of union growth, consequently, this fact must loom large in the background. The problems of union growth in the petroleum industry in Texas differ significantly from those encountered in the textile industry of the Carolinas or in the fabricated metal products industry in Atlanta.

Professor Ray Marshall has drawn well on his wide background of study in Southern unionism in his interesting paper. In his evaluation of the nature of union growth he relates the lower levels of organization of the South's workers to such factors as poor alternative opportunities in agriculture, a labor surplus, improving economic conditions, lack of motivation by unions, opposition from employers and various environmental factors. He suggests that unionization will grow with industrialization, but that the South will move slowly in the direction of national proportions of organized to non-agricultural employees.

There is little fundamental disagreement about the facts in the case. In general smaller proportions of workers in manufacturing, public utilities, wholesale and retail trade and in offices are employed in establishments covered by labor-management agreements in key Southern labor market areas as compared with the non-South.<sup>1</sup> A recent study by the Bureau of Labor Statistics indicates that only 46 per cent of production and related workers in Southern manufacturing establishments work under labor-management agreements as compared with proportions of 68 to 76 per cent for other regions.<sup>2</sup> It should be noted that the Southern proportions of organized employees on an industry group basis ranged from 14 per cent in textiles to 95 per cent in the primary metal industries, while the range is considerably narrower in other regions. This diversity is

<sup>1</sup>"Extent of Collective Agreements in 17 Labor Markets," 1953-54, *Monthly Labor Review*, (January, 1955) pp. 64-68.

<sup>2</sup>"Collective Bargaining Coverage of Factory Workers," *Monthly Labor Review*, (April, 1960) pp. 345-349.

also illustrated by data on union organization as a proportion of non-agricultural employment by states.<sup>3</sup> In 1953 the proportions varied from 8.3 per cent in North Carolina to 25 per cent in Kentucky, as contrasted to an average of almost 33 per cent for the nation. The recent data do not lend support to Professor Marshall's generalization that industries strongly organized in the United States seem also to be strongly organized in the South. Food, apparel, and furniture industries, for example, are well organized elsewhere but are not in the South. Also, contrary to another generalization, in some strongly organized industry groups, like primary metal industries, paper, and petroleum, Southern proportions of unionization are higher than the average of the rest of the nation. That unionism is related to urbanism, to size of plants and to type of industry is adequately indicated in Professor Marshall's paper.

The crux of the matter is that the major industries of the Southeast are highly-competitive in nature, employ large numbers of semi-skilled workers, and are difficult to organize because of a number of inter-related factors. These factors also affect the degree of unionism in other areas of the South, to include urban areas, but the problem basically is exemplified in the textile, food products, lumber and wood products, furniture, and apparel industrial groups. It is in these industries that the factors mentioned by Professor Marshall play a major role. Plants are typically small to medium in size, located in small towns or rural areas, where attitudes toward unions tend to be negative. Mechanization and crop changes in agriculture, and indeed productivity increases in some of these industries, have assured more than enough workers for the needs of the factories. Alternative opportunities for the workers are poor, and factory jobs, even at comparatively low wage rates, are attractive in comparison. Employers and community leaders in general consider unions as unnecessary outside agencies, representing an economic threat as well as an affront to management's prerogatives. For the employer in a highly competitive industry, unions raise costs and hurt his competitive position, and from the point of view of the community they pose a threat to the economic salvation of the town or state—industrial development. Every weapon available is used to fight this threat to include social and economic pressure, and, where appropriate, provisions of Federal labor laws and State right to work laws. While

<sup>3</sup> Leo Troy, "The Growth of Union Membership in the South," 1939-1953, *Southern Economic Journal*, (April, 1958) pp. 407-420.

Professor Marshall points out that employers may inadvertently promote the growth of unionism by acts of violence it is also true that the association of violence with unionism hinders organizing efforts in many Southern areas because of long memories of disturbance in the early 1930's or other periods. The road to election to contract to effective bargaining is long, tedious, and seldom completely traversed!

There is little indication also that national unions have attacked this problem in recent years with a carefully worked out strategy, adequate financing, and the kind of missionary zeal needed to achieve their objectives. Typically, the tendency has been to place other objectives such as social reform ahead of organization of the South, to consider the South as a foreign country of sorts, and to use inapplicable techniques of organization. These union attitudes and policies have compounded the difficulties of organizing to a significant degree, and have tended to create an unfavorable "image" to the Southerner. The Union tends to be viewed as injurious to economic development and as still another instrument for imposing unwanted social change. To the Southern textile worker, for example, the pro-integration attitudes of union leaders tend to create resentment against unions. It should be mentioned in passing that union rivalries in the field and recent headline-attracting abuses in some union circles have intensified the problem of Southern organizing. To indicate that union organizing techniques have been completely ineffectual would be to mis-state the case, for the dedicated and skillful efforts of some have led to organizing success in some places at some times. Troy's data, for example, indicate a larger proportionate increase in Southern union membership from 1939 to 1953 than in the non-South.<sup>4</sup> The organizing record of the last few years has not generally been impressive, however, and there are few indications of a major breakthrough along the lines of the 1930's. Major additions to union strength in the South are unlikely without a carefully worked out strategy by unions, to include deeper understanding and appreciation of Southern economic and social problems, strong grass-roots leadership, and improvement of the public image of unionism.

This observer tends to agree with Professor Marshall's conclusion that the South will move slowly in the direction of national proportions of organized workers to non-agricultural employment. There

<sup>4</sup> Troy, *op. cit.*

is no guarantee that unionization will proceed apace with industrialization, but instead growth will hinge on social and economic changes in the South plus a new dynamic approach by unions. The character of the organizing struggle will be different and more difficult than the breakthrough period of the late 1930's—no widely publicized, impressive blitzkrieg along the lines of Detroit, Pittsburgh, Akron, or Lawrence, but instead small isolated victories which in toto will overbalance losses which may also be occurring.

S. M. MILLER  
*Brooklyn College*

The nature of the "industrial condition" seems to provide a thrust toward some kind of group effort of white collar workers, technicians and professionals to achieve a better situation. Some of the thrust is provided by the apparently increasing size of employment units of these workers; as Professor Marshall has indicated with his Southern data, large units are more likely to be organized than small. While we unfortunately do not have data on concentration of employment of white collar workers, it is probable that concentration is increasing rapidly. Employment concentration is frequently accompanied by a mechanical standardization which breeds inequity, discontent and management inflexibility—all fertile grounds for group action.

The wage and salary data presented by Mr. Kassalow illustrate the income thrust towards group action. In table V which deals with median income, if we compare "professional, technical and kindred workers" and "clerical and kindred workers" with each other rather than with blue collar workers as he does, we find that the clerical group is falling behind the professional and technical groups. While in 1939, the clerical median salary was 78.5% of professional and technical salaries, in 1958, it had dropped to 73.8%. Thus, lower white collar workers, while recently doing better relative to blue collar workers, as Kassalow has pointed out, are not doing as well compared to higher white collar workers. This is undoubtedly leading to discontent. Moreover, the absolute level of income of all groups of white collar workers is not high. Since "the revolution of rising expectations" is perhaps more pressing in some developed economies than in many undeveloped ones, it is likely that incomes do not

match expectations and anticipations—again, an inducement to group action.

The existence of discontent does not mean that group pressures will necessarily grow; a number of factors such as attitudes towards management and unions, job perspectives, intervene. In turn, group action may not be in the form of unions. Indeed, group action might have a strong anti-union flavor, a possibility neglected in Mr. Kassalow's optimistic forecasting. It is clear that many occupations, professional and near-professional, are moving towards some collective but non-union effort to improve salaries and working conditions. Nurses' associations and their economic programs are but one example. The movement is organized, group conscious but resistant to regarding itself as a union and affiliating with a national union. The concern with professional objectives may provide unions with some leads as to the kinds of programs that appeal. It may well be that unions are going to have a hard time if they regard the professional organizations only as competitors. Among engineers, for example, it might be desirable to have pro-union engineers strive within national professional organizations to push them as far as possible. In this way, the limitations of the non-union professional organizations, frequently controlled by the self-employed or management "old guard," may be sharply revealed.

The relative lack of such efforts illustrates the dearth of union attempts to provide imaginative, systematic programs and organizing procedures for white collar and professional employees. I would stress more than Kassalow the need for new forms and demands for white collar and blue collar workers.

The union can only directly and immediately control its behavior: *its* way of going about organizing; *its* way of building and maintaining members' respect. Taft-Hartley laws, a restrictive NLRB, clever managements—all of which exist and hamper unions—are part of the environment which unions can in the short-run do little about. A failure of an organizing campaign ascribed to any of these factors is likely to be buck-passing. For the problem is, *given* these difficult environmental factors, what could have been done more effectively?

It seems that many union people have failed to recognize that 1960 is *not* 1935 plus a few anti-union laws. Mass meetings are effective when there is enthusiasm to kindle; in its absence, big meetings are duds. Signing a union card is a commitment to vote for the union in a representation election when the signature repre-

sents a feeling of newly found solidarity and hope; today, the signature frequently seems to represent taking out extra insurance while shopping around to see what is the best possible deal. Consequently, today, the number of signatures a union has procured frequently exceeds its total vote in an NLRB election.

Unions have insufficiently recognized the critical picture of unions which exists in many parts and strata of the U.S.A. and which pre-dates the McClellan investigation. Since I cannot present here my collection of public opinion data to document this contention, let me illustrate by taking one of Mr. Kassalow's points. He correctly notes that increasingly white collar workers are the offspring of manual workers. What are the consequences of this family background for union organization? I have raised this question with a variety of union and other groups. The conclusion seems to be that some who originated in manual families will be pro-union, because they have knowledge of what unions are and what they can do; but *some will be anti-union* because they also think they know what unions are like and therefore do not want any part of them.

This last reaction is indicative of discontent and distrust of unions; it is not management which alone breeds discontent and distrust. To some extent today, industrial relations is a competition between management and unions as to which can generate *less* discontent and distrust rather than more good will.

Among other things, this situation is a problem of the union image, as Professor Marshall indicates. This word "image" creates a great many difficulties for union people. For some, it is waving the tricky "Ivy League" flag of Madison Avenue; for some, the solution becomes what "gimmicks" will single-handedly do the job of changing the perceptions of unions. Obviously, a television program is not the total answer, nor is donating a set of books to schools, as important as they may be. It requires changing the behavior of unions so that the "propaganda of the deed" carries the message. Unions have been insufficiently involved on a continuous, deep, "non-partisan" basis (and nonpartisan is an important word in understanding American people, I think) in communities and in schools. Membership on a Community Chest board may be less important than positive action in a neighborhood. It is here as well as in the *internal relations* of unions where the re-education of the American public will take place. I am willing to crawl out on a limb and assert that the most basic thing affecting the possibility of unionization in

new fields is not the rate of industrialization and occupational change nor even union expenditures upon organization but rather the general community attitude towards unions.

(An interesting sidelight on some of these issues is that union staff people seem to see them more clearly than line people. Why is this so? And are staff people doing all they can to change the perspectives of line people?)

Kassalow in his thoughtful paper notes that unionism will "probably strengthen and consolidate" the trend towards bureaucratization and standardization of white-collar work. He accepts this as a given. Is it? Can unionism prevent arbitrary employer action only by building inflexible regulations? It is doubtful if unions have really thought about the impact of and reactions to increasing standardization (as well as of work satisfaction). To organize white-collar workers, especially professionals, unions may have to address themselves freshly to it, for it is clear, for example, that seniority in promotion has relatively little appeal to the engineer. (Any academician, however, knows there is some ambivalence about this!)

Again, on this matter of viewing freshly the new world facing unions, I would not be as pessimistic as Kassalow about female white-collar workers who move in and out of the labor force. Cannot something be done to appeal to them, for when they are union conscious, they are intensely so. For example, a program which is overdue generally in the United States and which may have special appeal to women and young workers, is funding pension credits *in the individual*, so that the person who moves in and out of work and from employer to employer over the years does not lose his equity in the pension program as he now does.

Both Professor Marshall and Mr. Kassalow have impressively detailed the structural forces encouraging and retarding unionization on the Southern and white-collar frontiers. (It should be clear, however, that Kassalow's frontier is limited to that minority of white-collar workers employed in manufacturing.) But these structural changes will not automatically produce unionization.

Stated most broadly, my inference from their analyses would be that for American unions to look successfully without, they must first look within.



**Part VII**

**LABOR ISSUES IN THE 1960  
POLITICAL CAMPAIGN**

## LABOR ISSUES IN THE 1960 POLITICAL CAMPAIGN: A LABOR VIEW

ANDREW J. BIEMILLER  
*AFL-CIO*

I am glad that the subject of this afternoon's discussion is stated in the plural since otherwise we would have very little to discuss.

As a practical matter, there was no "labor issue"—you will note that I am using the singular—in this campaign. There was no attempt on the part of the labor movement to make a rallying-point or a *cause celebre* out of the Landrum-Griffin Act; nor was there any disposition on the part of our opponents to make the labor movement a special target.

There were good reasons for this on both sides. We certainly don't like the Landrum-Griffin Act any better now than we did when it was passed, nor are we reconciled to the repressive features of the Taft-Hartley law. In his 1960 statement to the platform committees of both major parties, AFL-CIO President George Meany noted that "restoring the principles of the Wagner Act . . . ought to have high priority in 1961."

But President Meany and most labor people felt that in terms of the national interest, many other matters were of far greater importance—and, in all candor, likely to be far more effective campaign issues. As for Republicans, I am sure they remembered what happened to them in 1958 when their program was little more than pro-"right-to-work" and anti-Walter Reuther.

It is only in an incidental way, therefore, that I offer one statistical comparison. There were 10 states in which Republican Congressmen, seeking reelection, had split on the key Landrum-Griffin vote. Those who were right, in our view, increased their share of the popular vote by an average of 2.9%. Those who were wrong showed an average increase of only 1%. And this was an election, as you know, in which Republican Congressional candidates generally did much better than two years ago.

I hope this incidental piece of information has some effect in Republican quarters. Now that I have passed it along, without evaluation, let me turn in a more serious way to the basic subject.

Although, as I have said, there was no "labor issue" in 1960, there were a good many "labor issues." There were a good many

issues with which the labor movement identified itself, and with which workers, whether organized or unorganized, identified themselves as citizens and voters.

The most decisive of these, it seems to us, was the state of the domestic economy. That was the chosen battleground of the AFL-CIO. It was delineated by George Meany in his testimony before the platform committees of the two political parties. It was the basic foundation of the endorsement statement adopted by the General Board of the AFL-CIO. And it was the heart of our campaign on behalf of the Kennedy-Johnson ticket.

Inevitably, the Republican position—if I may be permitted to act as interpreter—was “You never had it so good, but you can have it even better.” That last section of course, had to be minimized whenever the incumbent President was within earshot.

Now this proposition had real validity, I suppose, among the coupon-clippers, the larger businessmen and many of those higher salaried employees who continue on the payroll regardless of momentary ups and downs in the economic cycle. Many of those people really “never had it so good,” or at least, never had it much better.

At the same time, this proposition infuriated many millions of hourly-rated workers, not to mention the five million or more unemployed whose existence the Administration tried to conceal until November 9. It hardly appealed to anyone whose job had dwindled to three or four days a week; it must have chilled the vast numbers of former industrial workers who were pumping gasoline or checking out customers in supermarkets at greatly reduced personal incomes; it surely struck no responsive chord in the depressed areas, and I suggest it didn't even register with small businessmen, whose mortality rate, in an economic sense, has gone up so fast in the last seven or eight years.

We took our stand at the very opposite side from the Republicans. We said, in effect, “You don't have it so good right now, and unless you do something about it, you're going to have it a damned sight worse.”

In essence, ladies and gentlemen, this was our formula. And this, we believe, is what won the election.

Let me go back for a moment to President Meany's testimony before the platform committees of the two parties. I want to remind you that this testimony was identical in each case, except for a minor

alteration caused by the release of unemployment figures between conventions. In speaking to the Democrats, Mr. Meany made a prediction about unemployment; in speaking to the Republicans, he referred to a fact. I hardly need to add that the fact was a full verification of his prediction.

Our basic point, as President Meany defined it, was that the American economy was faced with a crisis. We were in a stagnant period, he said; we were not growing fast enough to keep our people at work, and we would be worse off when the "baby boom" that started in 1940 hit the work-force in earnest.

His figures—and no one has denied them to this day—showed that there were fewer manhours worked in the private sector of the economy in 1959 than there were seven or eight years ago. There's a figure for private enterprise to chew on; and it's a figure that comes right out of the Department of Labor, the pre-Goldberg Department of Labor.

Less manhours now—with the prospect of 26 million new American jobseekers in the next 10 years. There's an issue for you. There's an issue that involves the man who's working and the man who hopes to work; yes, and their wives and children, too.

On top of this, we had the matter of automation. It may come as a surprise to some, but I want to make it clear that the labor movement is not opposed to automation or to any other labor-saving methods. We welcome them, for it is our labor that will be saved.

Five years ago, in an article for *Fortune* magazine, President Meany said this: "Certainly the trade-union movement does not oppose technological change. . . . The answer to technological change lies in smoothing its transitions and cushioning the shocks that attend it. This means, in the immediate sense, the establishment of severance pay, retraining of skills, reorganization of work schedules."

Our national society must be so organized that automation is a boon and not a curse. We must safeguard the welfare of displaced workers; we must prevent downgrading based upon the dilution of skills; we must make sure that the workers enjoy a full share in the benefits of technological progress.

And why? Not just for the workers, but for the country. An economy that considers only the profit motive; an economy that drives for efficiency without regard for its social impact; an economy that looks to capital investment as the cure for all ills is, to our mind, an economy that bears within itself the seeds of its own destruction.

The rich cannot sustain themselves by feeding on each other. The secret of this country's economic progress has been mass purchasing power, and it remains so today.

Now, you may say, this is a pretty abstruse concept to offer as a reason why workers were for Kennedy. That's not really so. I've just made it sound that way.

Take a steelworker with 10 years' seniority. He looks around the plant—even in a busy season—and finds that nearly all the men with less service have been laid off. Yet the plant is turning out more steel than ever.

The company—and the Republican candidates—tell him the road to prosperity is through new capital investment, in more new machinery, machinery that will lie there—like the old machinery—idle most of the time.

This fellow may be perfectly ready to accept technological progress. But he's not going to buy capital investment as the answer to all our problems. He'll give that argument serious thought when we're using something more than 50 or 55% of the capacity we have right now. He knows about capital utilization, even if he can't pronounce it.

There's a fellow who voted for Kennedy.

Or take the man who lives in a depressed area. No matter what he does for a living—even if he's making a living—he's apt to be pretty sour about things as they are. Probably he voted for Eisenhower in 1952 and 1956; a great majority of the people did. But he also knows that Eisenhower twice vetoed depressed area bills which (in all likelihood) his Congressman supported.

There's another Kennedy vote. And it was those votes, by the way, that carried West Virginia and helped to carry Pennsylvania.

Then there are the very many persons, almost impossible to count, who in some way are immediately involved in wage-hour improvements, the extension of public housing, urban development, federal aid to education and old-age health benefits. Most of them are city dwellers; most of them, we believe, were Kennedy voters.

Let me pause for a moment to recapitulate, or at least to relate what I have just said to the results as we have seen them develop.

It is perfectly obvious that Senator Kennedy was elected primarily by the urban vote—the big city vote.

I have attached to the text of these remarks a table which was

published in the Washington Post and other newspapers, comparing the 1952, 1956 and 1960 voting records of 14 key metropolitan areas.

This table shows that Kennedy drew 65% of the vote in the cities themselves, as compared to 52% for Stevenson four years ago. That's a handsome increase. But it also shows that in the surrounding suburbs, Kennedy polled 49%, as against 38% for Stevenson in 1956. In some respects that's an even more striking change.

What moved these suburbanites into the Kennedy camp? We are inclined to think that the shift in their vote was a rejection of the basic Republican thesis that the federal government should do as little as possible about the social and economic problems of our time.

It is all very well for the Republican leadership to inveigh against the threat of government control, creeping socialism and all the rest. But the suburban householder, who finds that the population explosion of the last two decades has also meant a dollar explosion in his property taxes, may be more than willing to risk the intervention of a federal government that brings its own money.

At least one respected public opinion pollster is convinced that federal aid to public schools was the major factor in switching suburban votes to Kennedy, and we find it hard to dispute him.

Obviously, in an election as close as this one, there were any number of forces without which Kennedy could not have won. Among these was the Negro vote.

The most casual examination of the returns makes it clear that Kennedy recaptured those Negro voters who were won by the Democrats in the Roosevelt and Truman years, but who defected to Eisenhower in 1952 and especially in 1956. In Detroit, for example, Kennedy carried the predominantly Negro districts by better than 90%. This was an astonishing outcome in view of the initial dismay on the part of some Negro leaders over the selection of Lyndon Johnson for second place on the ticket.

Many of these Negro voters, of course, were motivated by the same pocketbook issues that affected wage-earners as a whole. Many others made their decision solely on the question of civil rights.

We in the labor movement made a considerable effort to point out to the Negro community the differences between the party platforms on civil rights. We produced a series of seven taped radio programs, each involving an outstanding proponent of civil rights—Mrs. Roosevelt, Adlai Stevenson, Governor Lehman, Senators Douglas, Humphrey and Morse, and Senator Kennedy himself. This

series was carried on 19 stations which serve the Negro communities in eight key cities. It was also carried on the daily radio network of the United Auto Workers.

These programs stressed the evasiveness of the Republican platform on FEPC, the enforcement of federal court orders and the "sit-down" demonstrations; and recited the record of the Republicans in Congress.

Unquestionably, the appeal of the Democratic ticket to Negro voters was greatly enhanced by the forthright declarations of both its members. Senator Johnson certainly dispelled any doubts about his stand, so much so that he greatly strengthened the ticket in those very areas where his nomination had been viewed askance.

There was one extremely interesting development in this election which, we believe, has great long-range significance. The importance of the Negro vote is no longer confined to the north. According to a leading political analyst and pollster, at least two southern states—South Carolina and Texas—were carried for Kennedy by Negro voters. The Negroes and the white mill-hands were the heart of the Democratic vote throughout the south. The mill owners, the business people, the management class and the remains of the landed aristocracy have apparently been converted permanently to the Republican cause.

As more and more southern Negroes win the right to vote, and if the new Administration makes it possible for southern workers to organize, the day may soon come when the Republicans will no longer have a southern fifth column in some segments of the Democratic Party in certain southern states.

Now I would like to say just a few words about the most unpleasant issue—religion.

There is no doubt whatsoever that a great many misguided Americans including some union members voted against Senator Kennedy solely on religious grounds. What I would like to make clear, because it involves the labor movement to some degree, is that the reverse was not true. Only a relatively few Catholics voted *for* Kennedy for purely religious reasons.

I think it is important to make this point because there is an impression, in some circles, that bloc voting by Catholics provided Kennedy with his margin in the key states. It simply isn't so.

This is not an idle assertion on my part. While it is not possible to track down Catholic and non-Catholic results in minute detail,

I have here what seems to me a fairly convincing piece of evidence.

This is a list of the 71 counties in the state of Wisconsin, arranged according to the proportion of Catholics in their population. The percentages range from a high of 64 to a low of five.

Also listed for each county is the percentage of the popular vote polled by Kennedy and by Gov. Gaylord Nelson, who was running for reelection. Nelson is a Protestant.

Percentage vote for John F. Kennedy, for President, and Gaylord Nelson, for Governor, compared with Catholic population, in all Wisconsin counties, November 8, 1960.

<i>Counties:</i>	<i>% Catholic</i>	<i>% Kennedy</i>	<i>% Nelson</i>	<i>Counties:</i>	<i>% Catholic</i>	<i>% Kennedy</i>	<i>% Nelson</i>
Portage	64	62.1	64.1	Trempealeau	25	48.6	54.8
Brown	61	50.2	50.4	Iowa	23	40.8	43.3
Kewaunee	61	51.8	51.9	La Crosse	23	43.8	49.3
Calumet	59	45.4	43.4	Shawano	23	32.7	36.9
Iron	53	69.0	72.1	Waukesha	23	42.4	45.3
Manitowoc	48	54.3	54.4	Dane	22	52.1	61.4
Outagamie	46	41.7	42.1	Douglas	22	60.9	69.7
Washington	45	42.6	40.8	Barron	22	42.1	49.9
Ozaukee	42	41.0	42.2	Sheboygan	22	45.9	49.7
Wood	42	42.4	45.9	Lincoln	21	38.8	46.5
Ashland	40	56.2	60.4	Jefferson	20	38.2	44.2
Fond du Lac	36	40.2	40.4	Monroe	19	41.0	45.7
Kenosha	35	53.4	60.3	Vilas	19	35.4	36.5
Milwaukee	35	57.9	59.0	Washburn	19	45.6	50.6
Marinette	34	47.4	46.9	Dodge	18	36.7	40.0
Oneida	34	46.7	50.7	Florence	18	48.0	54.6
Pepin	34	52.2	53.9	Sauk	17	32.3	43.5
Chippewa	33	52.4	56.2	Sawyer	17	46.2	48.8
Langlade	32	46.5	51.6	Marquette	16	29.8	31.8
Marathon	31	45.9	48.7	Price	15	48.7	49.6
Crawford	30	47.3	52.5	Rock	15	39.2	42.8
Door	30	38.4	39.4	Columbia	14	38.9	44.0
Grant	30	39.9	42.6	Eau Claire	13	43.7	51.8
Juneau	30	39.3	42.0	Walworth	13	32.7	33.8
Winnebago	30	38.0	41.4	Waupaca	13	27.3	31.3
Oconto	29	41.2	45.9	Buffalo	13	44.6	50.6
Forest	29	52.8	55.2	Richland	12	36.0	41.7
St. Croix	29	47.2	58.3	Waushara	9	27.7	29.9
Taylor	29	52.2	54.7	Dunn	8	40.0	48.6
Green Lake	27	35.2	33.4	Green	8	32.1	36.3
Clark	26	44.6	48.9	Jackson	8	41.8	49.9
Lafayette	26	43.3	46.5	Adams	7	42.4	48.7
Rusk	26	54.3	56.9	Burnett	7	45.7	60.4
Bayfield	25	52.9	61.0	Vernon	7	41.1	50.8
Pierce	25	43.3	51.3	Polk	5	44.6	60.0
Racine	25	50.8	56.6				

Kennedy ran ahead of Nelson in only four of the 71 counties. These were *not* the four counties with the greatest number of Catholics. On that religious scale, they ranked fourth, eighth, fifteenth and thirtieth.

Moreover, of the 11 counties with 40% or more Catholics, in only four did Kennedy receive as high a vote percentage as the percentage of Catholics in the population.

Turning to other states, we find that even in those with as many as 20% Catholics, Kennedy did not run ahead of the state ticket. It is our firm conviction, therefore, that it wasn't religion that recaptured those Catholic voters who had switched to Eisenhower; it was the issues, and primarily the domestic economic issues.

Finally, it has been suggested that I say something about our own activities in the AFL-CIO.

The first and most important of these was our registration campaign, for which we raised some \$500,000 from member unions. This was a non-partisan campaign; but we do not pretend that we sought out members of the Union League Club. We concentrated on the industrial areas in key states—the places where workers live.

The same was true of our "get out the vote" drive. We believe these efforts contributed significantly to the size of the total vote and to Kennedy's remarkable showing in the big cities.

This was consistent with President Meany's statement to the convention of the International Association of Machinists in September. He said, "I don't believe we ever have to bother urging workers to vote a certain way; if they get registered and out to the polling places, I'm sure there will be very few votes for Nixon."

Aside from this, we used our regular publications to set forth the issues as we saw them, and to explain the AFL-CIO's reasons for endorsing the Kennedy-Johnson ticket.

Some of you may not know how the labor movement functions in the political area. Let me give you a very brief outline.

Only one endorsement is made by the AFL-CIO itself—a decision by the General Board on the Presidential campaign. All other endorsements are made at the state or local level, or by individual member unions.

Our political arm, known as COPE—the Committee on Political Education—has a small, full-time national staff. The function of this staff is to stimulate and coordinate labor political action throughout the country. But the primary responsibility lies with the local people.

They have to do the work; and like political work everywhere, it is hard, tiresome and thankless.

If you are unfortunate enough to read the right-wing columnists, you have heard about the millions of dollars we spend and the army of paid functionaries we dispatch on political errands. I only wish it were true.

We can spend dues money only to reach our own members. Everything else—particularly direct contributions to candidates—that involves politics must come from the separate funds voluntarily given us by our members. Our goal is \$1 a head, split evenly between the AFL-CIO and the unit that makes the collection. This gives us a theoretical reserve of some \$13½ million. In practice we get only a fraction of that amount—perhaps as much as 10 or 15 wealthy families give to the Republicans.

I have been asked to comment on whether the AFL-CIO is now “thoroughly committed” to a policy of endorsing Presidential candidates. In order to answer that, I would have to be a prophet. I think it will continue to depend upon who is nominated.

However, I am sure this group recognizes the facts of life with respect to the labor movement. We are going to remain active in the political and legislative field because we can't help it. The welfare of our members, and the very survival of our unions, depends upon it.

I have spoken here today about “labor issues.” You will note that not one of them involved a purely trade union matter. Yes, we do concern ourselves with the shortcomings of the Taft-Hartley Act, as well as its successor, and will work hard for basic amendments. We press for such measures as the situs picketing bill; we seek improvements in the Walsh-Healey and Davis-Bacon Acts, and so on. But we devote much more time and energy to broader problems.

We have a position on all these issues. We believe government leadership is necessary to their solution. We are not frightened by big government, as long as it is free government, fully under the control of the people. We do not share the prevailing conservative politician's fear of the welfare state.

Therefore it will be difficult for the AFL-CIO to endorse a Republican for President until the Republican Party itself undergoes a major change, as the Tory Party did in England. This is not because we are captives of the Democrats, or vice versa; it is simply because

the Democrats, as a whole, share our view of the role of the federal government in this modern world.

We believe this view is also shared by a considerable majority of the American people—a far greater one than the election would indicate. That majority was great enough—if only by a tiny margin—to offset the mistaken honest fears and outright bigotry that almost changed the outcome.

To sum up in a sentence: Now that it's all over, we think it's clear that the issues—economic and social issues I have discussed—decided the result. And for that, we are thankful.

## APPENDIX

Sunday, November 13, 1960  
*The Washington Post*

## METROPOLITAN VOTING PATTERNS

The following table shows the pattern of voting in 14 key Metropolitan Areas during the last three presidential elections.

For 1952 and 1956, only percentages are given. For the 1960 election the popular vote, as well as the percentages are shown.

Metro refers to the vote in the entire metropolitan area, city and suburbs. City refers to the vote in the city proper, exclusive of suburbs while Suburbs refers to the vote outside the central city.

Area	1952		1956		1960			
	Eisenhower Pct.	Stevenson Pct.	Eisenhower Pct.	Stevenson Pct.	Nixon		Kennedy	
					Popular Vote	Pct.	Popular Vote	Pct.
Baltimore								
Metro.....	52.9	47.1	60.3	39.7	208,394	41.3	295,322	58.7
City.....	48.3	51.7	55.9	44.1	113,415	36.	201,583	64.
Suburbs.....	62.5	37.5	67.4	32.6	94,979	50.3	93,749	49.7
Boston								
Metro.....	53.2	48.6	57.7	42.3	242,503	34.3	463,892	65.7
City.....	40.4	59.6	46.4	53.6	74,014	25	221,152	75
Suburbs.....	58.6	41.4	61.8	38.2	168,489	40.9	242,740	59.1
Buffalo								
Metro.....	57.0	43.0	64.3	35.7	211,662	43.3	276,748	56.7
City.....	50.4	49.6	57.7	42.3	83,603	34.9	155,500	65.1
Suburbs.....	63.5	36.5	69.5	30.5	128,059	51.3	121,248	48.7
Chicago								
Metro.....	51.9	48.1	58.6	41.4	1,049,799	43.3	1,369,874	56.7
City.....	45.6	54.4	51.3	48.7	604,820	36.3	1,060,173	63.7
Suburbs.....	63.2	36.8	69.1	30.9	444,979	58.9	309,701	41.1
Cleveland								
Metro.....	50.9	49.1	54.2	45.8	286,778	40	428,737	60
City.....	40.1	59.9	45.4	54.6	98,642	29.1	240,041	70.9
Suburbs.....	63.5	36.5	62.3	37.7	188,136	49.9	188,696	50.1
Detroit								
Metro.....	45.4	54.6	45.6	54.4	615,183	38.0	1,011,663	62.0
City.....	39.5	60.5	38.2	61.8	393,304	34.0	770,477	66.0
Suburbs.....	54.4	45.6	53.5	46.5	221,879	48.0	241,186	52.0
Los Ang.								
Metro.....	57.0	43.0	56.4	43.6	1,628,960	50.1	1,597,930	49.9
City.....	52.1	47.9	50.9	49.1	1,251,215	46.0	1,293,762	54.0
Suburbs.....	60.5	39.5	59.9	40.1	377,745	59.0	304,168	41.0
Minn.-St.P.								
Metro.....	50.5	49.5	52.3	47.7	272,350	48.2	292,463	51.8
City.....	47.4	52.6	49.2	50.8	160,656	44.5	199,996	55.5
Suburbs.....	56.1	43.9	56.7	43.3	111,694	54.7	92,467	45.3

N.Y.-NE N.J.								
Metro.....	52.5	47.5	58.5	41.5	2,644,022	44.5	3,293,533	55.5
City.....	44.6	35.4	49.0	51.0	1,143,921	37.1	1,935,254	62.9
Suburbs.....	62.4	37.6	68.8	31.2	1,500,101	52.4	1,358,279	47.6
Phila.								
Metro.....	49.5	50.5	52.7	47.3	676,893	42.5	912,287	57.5
City.....	41.6	58.4	43.0	57.0	285,468	31.8	611,875	68.2
Suburbs.....	59.3	40.7	62.8	37.2	391,425	56.6	300,412	43.4
Pittsburgh								
Metro.....	47.1	52.9	52.8	47.2	301,060	42.9	399,155	57.1
City.....	43.9	56.1	47.7	52.3	88,431	33	179,584	67
Suburbs.....	48.5	51.5	54.7	45.3	212,629	49.1	291,571	50.9
St. Louis								
Metro.....	43.5	56.5	45.2	54.8	249,625	40.9	359,497	59.1
City.....	38.0	62.0	39.1	60.9	98,328	33.2	197,826	66.7
Suburbs.....	48.6	51.4	49.5	50.5	151,297	48.3	161,671	51.7
San Fran.								
Metro.....	53.9	46.1	53.6	46.4	709,272	47.3	789,248	52.7
City.....	53.0	47.0	51.8	48.2	135,881	41.7	190,111	58.3
Suburbs.....	54.3	45.7	54.4	45.6	573,391	48.9	599,137	51.1
Wash'n								
Metro.....	60.6	40.0	55.0	45.0	167,096	47.4	184,793	52.6
Total								
Cities.....	44.9	55.1	48.2	51.8	4,531,698	35.4	7,257,344	64.6
Total								
Suburbs.....	59.1	40.9	62.2	37.8	4,731,899	51.4	4,417,818	48.6
Total								
Metro.....	51.8	48.2	55.6	44.4	9,253,597	43.8	11,675,152	56.1

## LABOR ISSUES IN THE 1960 POLITICAL CAMPAIGN: A MANAGEMENT VIEW

GERARD D. REILLY

*Reilly and Wells*  
*Washington, D. C.*

One of the paradoxes of the general election of 1960 was the absence of any sharp cleavage on industrial relations issues either in the party platforms or in the speeches of the presidential candidates. I refer to this as a paradox because in the campaign officials of the AFL-CIO were virtually unanimous in their support of Senator Kennedy and through financial assistance and the use of such manpower as COPE and ADA were able to recruit, made an all-out effort in behalf of the national Democratic ticket.

Moreover, as in recent years, the major contributors to the Republican Party were individual businessmen. Under such circumstances one might have expected the campaign to have resolved at least in part around such issues as the Landrum-Griffin Act and the abuse of union power, issues upon which there has been a relatively clear-cut party division in Congress. This was not the case, however.

Consequently, in evaluating the roles which unions and management played in the campaign, it is difficult to state with any degree of certainty whether or not the identification of union leaders and union ideology with the successful ticket was more of an advantage than a disadvantage to the winning side. Only one thing is sure. The election was not a referendum on the AFL-CIO program and the result was in no sense a mandate for the new administration to sponsor a different set of legislative policies on the domestic economy. Despite the claims of labor officials to major credit for winning the campaign and the seeming acceptance of this thesis by the President-elect, the actual votes produced by them were not significantly greater than those they were able to provide the losing Stevenson ticket when President Eisenhower was first elected. In other words, union support had little or nothing to do with the crucial breakthrough of the Kennedy-Johnson ticket—the shift to the Democratic column of some 3½ million persons who had voted Republican in the 1952 and 1956 campaigns.

A bit of background on the emergence of the AFL-CIO as a political force seems appropriate at this point. Originally taken under the protective mantle of the Democratic party in the 1930's,

labor organizers are no longer the grateful vassals of the Roosevelt years. As labor unions mushroomed into big business they became the masters of the northern wing of the party. Since 1946 scarcely a Democratic member of the Senate or House from a district north of the Mason-Dixon line or west of the Texas panhandle has ever broken with the labor lobby on any issue dealing with the relationship between management and labor, e.g., the Case bill, the Taft-Hartley Act, amendments to the Fair Labor Standards Act, or revisions in Social Security or Railroad Retirement. The reason that Senator Lausche, the Ohio Democrat, is regarded as an independent is that he is really the exception that proves the rule.

This phenomenon, of course, does not mean that rank and file Democratic voters as a block think highly of union leaders or their general political philosophy. Most of them vote as did their fathers in the era when the Democratic party was the champion of states rights and economic laissez faire. What it reflects is the fact that labor professionals, with the financial power accrued through compulsory membership contracts and the check-off union dues and assessments, have taken over from the municipal bosses in many industrial states. In other big states, the ALF-CIO has at least a veto power in the selection of candidates for public office on the Democratic side. In New York, for example, the so-called Liberal Party, a minority group put together by the unions in the apparel trades, negotiates with the managers of the Democratic Convention on the composition of the slate as a price for its support.

Notwithstanding their political power, however, and the obvious decline of the influence of corporate executives in public affairs, the managers of organized labor have been disturbed by the fact that so far as total union membership is concerned, there has been no increase since 1947. In the United States today less than 25 percent of the 65 million employees in the working force belong to AFL or CIO unions.<sup>1</sup> With the prospect of further decline in popular esteem in the wake of the exposures of the McClellan Committee, it became doubly important for union leaders to make a political splash in the 1960 election.

With the prospect of the nomination of Vice President Nixon—who as a member of Congress had been extremely independent of the AFL-CIO—union officials faced another problem in the possibility

<sup>1</sup> Archibald Cox: *The Uses and Abuses of Union Power*, 25 Notre Dame Law Review 624.

that the Democrats would select Senator Lyndon Johnson to run against him. The Texan's remarkable record as Senate leader for the past six years had made him the logical party nominee, but his support of the Taft-Hartley Act and his opposition to the extreme objectives of the Reuther wing of the AFL-CIO made him unacceptable to the labor hierarchy. His three most active rivals were Senator Humphrey of Minnesota, Senator Symington of Missouri, and Senator Kennedy of Massachusetts. According to the records compiled each year by COPE and ADA, Senators Humphrey and Symington had never voted wrong, that is to say, had never voted conservatively on any issue considered important by the radical prophets of the union group. In fact, Humphrey, a Farmer-Laborite as well as a former chairman of the ADA, was an articulate champion of the Congressional left.

Senator Kennedy's record from the labor standpoint was not nearly as flawless. To be sure, as a member of the House he had voted against the Taft-Hartley Act and later for its repeal. His sponsorship of the mild labor reform bill, drafted by Arthur Goldberg and Archibald Cox, however, had created some suspicion of him in labor circles. This jaundiced view was not universal. Reuther was under obligation to Kennedy for his attitude toward the investigation of the Auto Workers, and he and Goldberg were realistic enough to recognize that in the climate of public opinion, someone not rated as a labor stooge was necessary to stop Johnson. Accordingly when Humphrey and another perennial labor favorite, Senator Morse of Oregon, entered the primaries against him, such union leaders prevailed upon their colleagues in the AFL-CIO high command to maintain a public position of neutrality and to abstain from any early outpouring of union campaign funds.

Perhaps the most conspicuous achievement of the unions at Los Angeles, however, was not the part they played in the nominating votes but in the writing of the platform. Prior to the convention they succeeded in having Representative Chester Bowles of Connecticut, one of the earliest ADAers, designated as chairman of the platform committee, and he with the assistance of Joseph L. Rauh, Jr., a long time advisor and counselor of Walter Reuther, put together a platform that contained everything the Reuther group championed. The labor plank, in the words of the objective Labor Relations Reporter,<sup>2</sup> amounted

<sup>2</sup> 46 LRR 233

“. . . to a clarion call for return to the principles of the Wagner Act, for White House labor-management conferences, for fact-finding in labor disputes, and for elimination of the federal authorization for state right-to-work laws. A \$1.25 hourly minimum wage is promised, with extension of the Fair Labor Standards Act to ‘all workers engaged in or affecting commerce.’ ”

While the platform did not specifically call for repeal of the Taft-Hartley Act, it did promise repeal of the authorization of right-to-work laws, limitations on the right to strike, to picket peacefully, and other “anti-labor features of the Taft-Hartley Act and the 1959 Act.”

In numerous respects the Bowles platform paralleled other goals of the AFL-CIO lobby on subjects not generally regarded as labor-management issues. For example, the platform favored an average rate of economic growth of 5% annually “almost twice as fast as our average annual rate since 1953,” legislation “creating new industry in America’s depressed areas of chronic unemployment,” a national fair employment practice act, and compulsory medical insurance financed as part of the Social Security system.

While this portion of the platform was obviously a repudiation of everything the Southern wing of the Democratic Party had stood for in Congress, the platform writers managed to deflect the wrath of the Southern delegates to another portion of the platform, even more offensive to that section of the country. This was the proposition that “sit in” demonstrations by Negro sympathizers on private property was not a breach of the law but a patriotic exercise of some civil right. When an effort by moderate Southerners to eliminate this plank from the platform failed, the Southern delegations gave up.

On the following day a canvass of the delegates showed that the main task of the union forces was to prevent any prolonged balloting, for it was known that Senator Johnson had friends in many of the Western delegations, pledged to Kennedy, who might swing their states into the Johnson column on a second or third ballot. Consequently, the word went out from the Reuther camp that Humphrey, Stevenson and Symington would be dropped.

In the unpledged delegations employees of labor unions were threatened with the loss of their jobs if they voted for candidates

other than Senator Kennedy when the roll of the states was called.<sup>3</sup> Thus only a small percentage of the labor controlled delegates remained loyal to Symington and Stevenson, and Senator Kennedy went over on the first ballot.<sup>4</sup>

After these heady triumphs, sober second thoughts prevailed when it was apparent to even the most superficial political observers that unless something was done to soften the resentment of the Southern delegates who had been almost unanimous for Senator Johnson, that section of the country had been delivered on a platter to the Republicans. Thus, although the principal foes of Senator Johnson had been the members of the labor bloc, they refrained from putting any other candidate in the field against him for the vice presidential nomination as it was quite clear that the Democratic ticket was doomed unless Johnson was selected.

In contrast to these efforts the influence of the business community in the subsequent Republican Convention was negligible. Arthur Motley, president of the United States Chamber of Commerce, requested the platform committee to write a labor plank embodying such points as (1) extension of the antitrust laws to labor unions; (2) strengthening of the secondary boycott provisions of the Taft-Hartley Act; (3) curbs on featherbedding practices; (4) an amendment to the Taft-Hartley Act to prohibit compulsory union membership; (5) repeal of the Walsh-Healey and Bacon-Davis Acts because of their asserted conflict with the Fair Labor Standards Act; and (6) exclusion of federal authority from Wage-Hour regulation of retail and service establishments and other essentially local industries. The committee also heard George Meany, president of the AFL-CIO, who offered the same proposals he had successfully advocated at the Democratic Convention.<sup>5</sup>

The final platform repudiated Motley's 6-point program but adopted several of the Meany proposals. Thus, far from urging any repeal or limitation on the Walsh-Healey and Bacon-Davis Acts the

<sup>3</sup> Despite the cordial relations existing between Reuther and Humphrey the Senator was told, according to Pearson, that unless the Minnesota delegation were switched to Kennedy, he might find himself without labor support in his own campaign for reelection. This ultimatum was defied by Humphrey and he announced himself for Stevenson, but it was sufficient to push his Farm-Labor colleague, Governor Orville Freeman of Minnesota, into an early Kennedy position. *Washington Post* (Pearson); July 19, 1960.

<sup>4</sup> *Washington News* (Herling); July 14, 1960.

<sup>5</sup> 46 LRR 250.

Republicans pledged "continued vigorous enforcement and improvement" of these laws.

On wage-hour act revision the Republican plank, while stopping short of recommending a minimum of \$1.25, called for upward revision in amount and extended coverage to several million more workers. Nothing was said about applying the antitrust laws to unions as well as industry. On the controversial right-to-work issue the Republicans, while not demanding repeal of Section 14(b) of the Taft-Hartley Act which authorizes state curbs against compulsory unionism, adopted a plank affirming their "firm support" for the right of employers and unions "freely to enter into agreements providing for the union shop and other forms of union security as authorized" by the Taft-Hartley Act.

One of the most notable successes of the Eisenhower Administration in averting the kind of industrywide strikes that had plagued the Truman Administration had been a reasonably consistent "hands off" policy. The Republican platform, however, even blurred the issue of Government intervention by stating that in emergencies new methods of solution should be considered "that are in keeping with the policies of national labor relations legislation and with the need to strengthen the hand of the President in dealing with such emergencies."

Another plank which had its counterpart in the Democratic platform called for legislation improving job opportunities and working conditions for agricultural workers. Only on the question of the extent of federal assistance on medical care to the aged was there any real difference between the two labor platforms, the Republican plank by implication repudiating the social security method and calling for a health program for the elderly which would provide the beneficiaries with an opportunity to purchase private health insurance.<sup>6</sup>

Before the convention met it was clear that the nomination of Vice President Nixon would be virtually uncontested. In affecting the choice of the vice presidential nominee, however, the business community fared no better than it had in the writing of the party platform. Apparently in a further attempt to appease the Rockefeller faction, Mr. Nixon let it be known that he favored Ambassador Lodge as his running mate, although Lodge as a senator had voted

<sup>6</sup> 46 LRR 267.

for repeal of the Taft-Hartley Act and in his unsuccessful campaign for reelection as senator from Massachusetts in 1952, had come out for the CIO version of the Fair Labor Standards Act revision. Lodge had further distinguished himself that year by his savage attacks on Senator Taft in the pre-convention campaign, a factor that accounted for a shift of many Taft supporters to the Kennedy camp in the ensuing Massachusetts election.

In retrospect it appears the choice of Lodge as a running mate did not help the Republicans in the states where he was expected to be strong. His presence on the ticket failed to carry any important Eastern state and almost succeeded in alienating Virginia and Florida. How different the results might have been in such close states as Illinois, Michigan, South Carolina and Texas, had the convention been permitted to nominate some outstanding Republican figure who had a following in the South and the Middle West, such as Halleck of Indiana, Goldwater of Arizona, or Dirksen of Illinois.

Shortly after the conventions the AFL-CIO Council met and formally endorsed the Democratic nominees. Several hundred thousand dollars were given to COPE for the purpose of seeing to it that union members and their families were registered and for getting out the union vote. Union newspapers became propaganda fliers for the Democratic ticket and the Automobile Workers even went so far as to print hundreds of thousands of leaflets depicting the opponents of their favorites as religious bigots. In marginal senatorial and congressional districts union contributions poured in to be used against incumbent representatives or senators who had supported the Goldwater amendments to the Kennedy bill or the Landrum-Griffin substitute.

Not only were many of the big international unions violently partisan in their statements, but in getting union members to register, the methods adopted were far from gentle. One form letter sent out by an international union to non-registered members stated:

When you register to vote, please have the clerk who registered you sign the enclosed, self-addressed card. Drop the card in the mail box—no postage is necessary.

“If we fail to hear from you within two weeks your name will be placed on the union’s nonregistered list and your local union will be notified of your non-cooperation.

"You will then be contacted by your union registration committee."<sup>7</sup>

In contrast to these aggressive union policies the corporations which participated in the campaign took a relatively nonpartisan approach. A number of companies urged their employees to be active in the party of their choice and to contribute money to it as part of their citizenship responsibilities. Some companies gave courses to teach employees how to become active in politics and to be effective. Usually such courses were given, at least in part, on the employees' own time. Very few companies endorsed any candidate who was running for either state or national office. Where voting records were published and distributed this was done in an objective manner with no suggestion as to what was a "right" vote or a "wrong" vote.

Despite Supreme Court decisions virtually nullifying the prohibitions in the Taft-Hartley Act against expenditures or contributions by companies or labor unions in federal political campaigns, the comptrollers' offices of most large corporations continued to bend over backward to see that no company money was diverted to the furtherance of candidacies for federal office. The unions, however, quite openly took dues money out of the treasuries and spent it for a whole variety of political activities they characterized as "political education."

As if somewhat embarrassed by the vociferous character of his labor support Senator Kennedy as the campaign went on, seemed deliberately to steer away from some of the more extreme positions the AFL-CIO had foisted on the official platform. For the most part, he refrained from mentioning repeal of Section 14(b) of the Taft-Hartley Act or the asserted inequities of the Congressional curbs on secondary boycotts and recognition picketing. While he occasionally made some references to such welfare state issues as an increase in the minimum wage bill, federal aid to education and medical care for the aged under Social Security, generally he preferred to pitch his campaign on a criticism of the asserted failure of the Eisenhower Administration in the fields of national defense and foreign policy.

Strangely enough, however, Vice President Nixon either because he felt compromised by the tone of his own party platform or out of deference for the political sagacity of Secretary of Labor Mitchell,

<sup>7</sup> Joseph M. Gambatese, "Labor's and Industry's Role in the Political Campaign," American Management Association, September 28, 1960.

refrained from exploiting the left wing character of the Democratic platform. As a result, nothing was done to overcome the apathy of important segments of the business community or to respond to the conservatives who were crying for an energetic champion.

Immediately after election day, journalistic spokesmen for the AFL-CIO contended that the efforts of the union officials were responsible for Senator Kennedy's victory. The AFL-CIO News of November 12 reported that union money, votes, and manpower were the essential factors in such important states as New York, Pennsylvania, Michigan, Missouri and Illinois. Our fellow panelist, John Herling, contributed two articles in the Washington News (Nov. 10 and Nov. 15) in support of this thesis. His primary documentation was a table showing the percentage of votes received by Democratic presidential candidates in 10 cities in the years 1940, 1944, 1956 and 1960. In every instance, the Democratic margin was not only markedly greater than at the time of the last Eisenhower election, but also in excess of the comparable figures in the Roosevelt-Wilkie contest of 1940. It is submitted that these figures prove very little. For one thing, they are based on the premise that our large cities are industrial centers and heavily unionized. Yet by far the biggest Democratic increases—20% or more over 1956—occurred in Boston and Baltimore which in contrast to Cleveland and Detroit are commercial and banking cities rather than manufacturing centers.

A post-election analysis much more to the point was a Gallup poll<sup>8</sup> showing that union labor which would obviously be the most receptive bloc to the political drive of COPE voted Democratic in only the ratio of 65 to 35. This was an increase of merely 4% from 1952 in which union voters split 61-39 in favor of Stevenson over Eisenhower. In 1940 and 1944 the proportion was much higher for the Democrats—72 to 28. Yet in those election years Franklin D. Roosevelt failed to make as good a showing as the Kennedy-Johnson ticket in the 10 cities in Mr. Herling's table. Obviously the slight shift in the union labor votes does not explain the spectacular majorities returned this year in the 10 great metropolitan areas tabulated. Such union labor shift as did occur is even more insignificant in light of the fact that union membership has remained stationary in the past 12 years, whereas the number of people who voted in 1960 was 10% larger than the 1956 total.

<sup>8</sup> *Washington Post*, December 11, 1960.

Final tabulation of the election returns shows that out of approximately 68,000,000 votes cast, the Kennedy plurality was less than 120,000, approximately 1/10th of one percent of the entire Presidential vote. Obviously in such a close election, any group which produced at least 60,000 votes for the Democratic total can claim that its contribution was indispensable to the final result. No doubt the AFL-CIO can prove that the percentage shift in its constituency more than exceeded 60,000, but undoubtedly an analysis of the votes of the Daughters of Confederate Veterans would enable that Society to make an equally valid claim.

The real question is why 3½ million voters—one half the Eisenhower majority—decided this time to vote Democratic. There is no doubt whatsoever as to the answer. The crucial swing vote is accounted for almost entirely by the enormous change in the voting pattern of Catholics. As a Catholic I might deplore this fact. The record, however, is inexorable. To sum up the result of a post-election Gallup survey—

“Looking at the Catholic vote as a whole, the Democrats got 56 percent of the total in 1952 and 51 per cent in 1956, but the figure went up by 27 percentage points to 78 in 1960. No other religious group showed a switch of that proportion.

“The Republicans, who had 44 percent of the Catholics in 1952 and 49 per cent in 1956, found themselves with only 22 per cent in 1960.”<sup>9</sup>

What do these figures mean? According to a recent issue of Time magazine, the last census showed that 40,000,000 of the persons in the United States are Catholics—slightly less than one quarter of the population. Projecting these figures against the 68 million who voted for one of the major party nominees for President this year a conservative estimate is that approximately 16 million Catholics voted. If in 1956 this vote was equally divided among the major parties, but this year showed over 75% voted Democratic, this alone would account for a departure of more than 4 million votes from the Republican side.

Thus, the overturn in the election totals was forecast by the famous Baily memorandum of 1956—a paper of a Kennedy campaign manager, contending that a Catholic nominee was the key to Democratic victory in the populous Eastern states. Since the election, there

<sup>9</sup> *Washington Evening Star* (Lawrence) Dec. 5, 1960.

has been some attempt by such Democratic apologists as Doris Flee-son to show that Bailey was wrong and that whatever advantage the Democratic ticket gained by Kennedy's affiliation was offset by the prejudices of non-Catholic voters. The state-by-state results disprove any such thesis. Even in the non-Catholic South Nixon did not run as well as Eisenhower in the electoral college, for Lyndon Johnson's following among conservatives held Louisiana, Texas, and South Carolina in line. Moreover, while Nixon captured almost every state west of the Mississippi, this represented no shift in major party allegiances. Eisenhower had done the same thing in 1952 and 1956.

The Senate and Congressional races where genuine labor relations issues such as the Griffin-Landrum bill received much more prominence, also disprove the contention that AFL-CIO support was a tremendous asset to the Democrats. None of the conservative Republican senators on labor's purge list went down to defeat. In the House, Republicans despite the defeat of their national standard bearer picked up more than 20 seats from the opposite party.

Certain lessons can be drawn from the results:

1. A national Republican administration gains nothing from appeasing the top AFL-CIO command. Certainly no Secretary of Labor has ever been as responsive to the AFL-CIO legislative aims as Mr. Mitchell. Nor has any State Department ever given so much recognition to American union officials in such international bodies as the United Nations or the International Labor Office. AFL-CIO officials are really functionaries of the Democratic party and cannot be dislodged from it unless and until they cease to control the northern wing.

2. Any Republican candidate for national office is ill advised to permit labor issues to remain concealed below the surface. The support of rank and file workers is indeed indispensable to a successful campaign. But the only way of gaining their confidence is to appeal to them over the heads of union officials, as Senator Taft so successfully did in the 1950 campaign, and demonstrate that Republicans are no more sympathetic to their being exploited by labor bosses than by industrial bosses. The tie-breaking vote cast by Vice President Nixon on the McClellan amendment in the current Congress and the support of House Republicans for the Landrum-Griffin substitute provided a golden opportunity to prove this. The issue was never even mentioned in the Great Debates.

## DISCUSSION

AVERY LEISELSON  
*Vanderbilt University*

If we mean by an issue in a political campaign something that voters feel is important, one is struck by the fact that in the 1960 presidential contest the distinctive labor issues were either unmentioned or left implicit. Notwithstanding the failure of the minimum wage bill to pass in the brief special session of the 86th Congress, partisan differences over a \$1.15 or a \$1.25 national minimum never assumed major proportions. Neither party made amendment of the Landrum-Griffith Act a cardinal point in their campaign agenda. Senator Kennedy was a leading figure in the 1959 bipartisan Congressional effort to protect individual freedoms and promote democratic procedures in union government, and Mr. Nixon understandably was not interested in publicizing the fact that the Teamsters' president was against J.F.K. and by clear implication, supporting him. Republican propaganda below the candidate and TV level never seemed to tire of playing the record that a Democratic vote was a vote for a party controlled by the labor bosses, but not even the most extremist of our middle-class "moral indignants" ever dreamed that this theme was a pitch for the labor vote. If they had, it might have occurred to them that coming from the Republican side, combined with the AFL-CIO General Board endorsement of the Kennedy-Johnson ticket, it might be fairly effective pro-Democratic material with a target group which, defined as "skilled and semi-skilled workers," constituted one-third of the eligible voting population and which had gone 56% for Eisenhower in 1956.<sup>1</sup>

Summing up this hasty review of the campaign propaganda, at least on the verbal level, our provisional hypothesis would be that: 1) issues of substantive labor legislation were played down both by the candidates and the parties, and 2) the leaders of organized labor joined the candidates and the party platforms in projecting the paramount domestic issues as "the state of the economy," "the appropriate rate of economic growth," "aid to depressed areas," and methods of medical aid, welfare, and public spending programs. With only 100,000 votes separating the winner and loser, one can only agree

<sup>1</sup> University of Michigan News Service Release, Feb. 21, 1957, reporting the result of a national sample study of presidential voting by the Survey Research Center.

with Mr. Reilly that claims concerning the effects of such issues upon the distribution of the party vote are highly debatable and speculative. We may therefore usefully turn our attention to some more fundamental, longer-range questions concerning the political behavior of organized labor.

## II

First of all, we may ask, to what extent does the 1960 election show that industrial workers and union members are becoming more middle-class in outlook, or, tending to divide their votes more like other groups, or, tending to resemble the vote in the nation as a whole? The trend from 1948 to 1956 certainly indicated that the union member vote, like the Catholic vote, was less distinctive than the Negro and Jewish groups (although when life situation was controlled union members voted more distinctively as a group than any other segment of the population examined except Jews).<sup>2</sup> At the same time, union members were exhibiting a lower sense of group cohesiveness in relation to a feeling of group difference than Catholics, Jews, or Negroes, and union members who were highly identified with their unions were much more likely to vote Democratic than weakly-identifying union members or highly-identifying Catholics. The same study found that union members tended to equate group membership with political activity insofar as group issues were salient, standards of group performance were clearly felt, leadership cues recognized, and fitness of political activity by the group accepted. Projecting these factors forward to 1960, it is doubtful that union members this year voted more distinctively as a group than other minority groups such as Catholics, Jews, or Negroes; it is equally questionable whether their cohesiveness as a group increased, or that union members, whether highly or weakly identified with their organizations, changed their predispositions much. We are left with the hypothesis that weakly-identified union members in 1960 were more susceptible to other factors tending toward a Democratic vote, and that the pro-Democratic 54% division among unskilled workers in 1956 either did not decline or increased somewhat. In short, taking the highly-visible religious issue in 1960 into account, industrial workers are not necessarily becoming more "middle-class" in outlook, even if they are tending to vote more like the American electorate as a whole, and less distinctively than other minority groups.

<sup>2</sup> A. Campbell, et al., *The American Voter* (N.Y.: Wiley, 1960), pp. 301-331.

## III

Thus the picture of a monolithic, controlled labor vote disappears the more we learn about the psychology of voting. At the same time, we should note that the importance of the labor vote is increasing rather than diminishing as unions become more effective in their registration and "get-out-the-vote" drives, as well as for the same reason that in the last thirty years there has been an amazing increase in political interest and activity among the professional, middle-income and better-educated groups. As living standards and life satisfaction rise, people become more aware of their stake in politics, and this is no less true of industrial than white-collar workers.<sup>3</sup> What is not so clear is the directions that such increased political concern and activity may take. The decade of the fifties showed clearly that the Roosevelt-Truman era of a simple correlation between higher-status Republican and lower-status Democrat voting had been at least partially displaced by a more complex pattern of cleavages. Without going so far as to say that the indices of income, place of residence, race and religion that were built into the older concept of socio-economic status disappeared, some students of the electoral process have ventured to suggest that under continued conditions of high employment and economic expectations, a set of socio-psychological variables come more directly into play, partly based upon class but even more upon personality factors.<sup>4</sup> If we designate these as: (1) working class authoritarianism, (2) upper-class liberalism, (3) middle-class extremism, the new political formula may be stated as the tendency of the former to extend the authority of government (simplistically expressed as the authority of "the people") balanced against the effort of the traditional "middle classes" to reduce governmental programs, mediated by a stratum of politically-educated, informed and liberal-minded persons who realize that the simple solutions of the extremist groups will not work and must be guided in the direction of solutions relevant to the problems of national growth and survival in the changing world of nuclear energy and political self-consciousness among the peoples in Asia, Africa and Latin America. In this context of heightened political activity and consciousness, what we do not know, but strongly suspect, is that

<sup>3</sup> A. W. Kornhauser, et. al., *When Labor Votes* (N.Y.: University Books, 1956), pp. 261-299.

<sup>4</sup> S. M. Lipset, *Political Man* (N.Y.: Doubleday, 1960), chs. 4-5, 9.

increased political activity among politically extremist groups, whether working-class or middle-class, may go in either direction, either toward a left-wing revolutionary or a right-wing reactionary orientation. In a period when orthodox individualist solutions are less and less relevant to the politics of a collectively-organized world, it seems more important than ever that the leaders of organized labor and management, the policy-makers in the worlds of mass communication, education and government, focus more and more on formulation of relevant and feasible policies, and less and less upon scapegoat politicking and hopeless panaceas of do-everythingness or do-nothingism.

JOHN HERLING

*Editor, John Herling's Labor Letter*

What did this election mean in terms of labor's political power and influence? After listening to Andy Biemiller describe his view of the mechanics of labor support in the presidential campaign and to Gerry Reilly expand on the devil theory of the labor movement, I yearn for reality. I feel emboldened, therefore, to go my own way and map out my own jurisdiction. I imagine I can do this with something approaching impunity even or especially in this assemblage of men and women trained by and in the rough and ready discipline of industrial relations. If I get too far out of line, Professor Lester can restore law and order by waving his academic nightstick.

Let us start. Obviously, President-elect Kennedy had the support of most of organized labor, and President-reject Nixon the overwhelming support of organized business. During the campaign, organized labor played a pervasive role. It was a role which it carried out both in relation to the Democratic candidate and to the shaping of the platform. Only such a combination made up of candidate and platform could have engaged the backing which organized labor was able to mobilize to the extent that it did.

The narrow edge of President Kennedy's victory has stepped up discussion of which components proved decisive in achieving his election. Where every vote counted for so much, practically anybody can claim credit with a certain degree of justification and satisfaction, or in the case of Gerry Reilly, displeasure and dismay. Everybody has a piece in Jack.

Organized labor cannot—and I assume does not—claim that the northern industrial cities went big for Kennedy because of organized labor's efforts alone. Such a claim would be ridiculous. Despite the flattering reference by Gerry Reilly to my column on this subject—as a mere discussant, this makes me feel like a footnote lifted from the cellar to the parlor—I never made such a comprehensive claim. May I say here and now that my marginal notes on the Reilly paper are too numerous to read off to this audience. Do not be deceived by the atmosphere of sweetness and light which Gerry generates. He works with a long management needle and on its point, he skewers an indefinite number of labor devils. It is a form of satanic shishkebab.

However, whether you use the Reilly or the Biemiller formulation, the fact is that the stimulus of organized labor's early entrance into the campaign was of prime importance. Certainly, the AFL-CIO powered many of the state voter registration drives and provided an extra goad to the regular political organizations—and many large corporations—into making the greater push in this area. In a few cities and many states, the interest taken by organized labor tended to overcome the anti-Catholic prejudice of many union members. In the large cities—the anti-Catholic prejudice was heavily compensated for by the return of many Catholics, beguiled by Ike or repelled by Adlai, to the Democratic fold. As Mr. Biemiller pointed out, many but by no means all Catholics went for Kennedy. Mr. Reilly deplores the number of Catholics who did. I am one of those who strongly believes that in percentage terms Kennedy gained fewer votes because of Catholic pride than he lost by Protestant prejudice.

But, I would say that even more significant, more telling in the campaign was the outpouring for Kennedy by other minority groups, many of whom had usually been regarded rather as significant and disturbing problems than as a strategic political force. These groups are the Negroes and Americans of Latin and Spanish descent. I need not remind the audience that these comprise large areas of the population which the trade union movement has integrated only in bits and pieces.

In fact, for organized labor and management the political emergence of the Negro, the Puerto-Rican and other Spanish-speaking groups, presents a special challenge.

When George Meany appeared before the Democratic and Republican platform committees, he announced the civil rights issue as the number one moral issue of the nation. The result of this campaign

provides these minority groups with new additional urgent pressure for an all-inclusive, integrated labor movement.

No specific reference was made in the earlier papers to the role played by the development of political action by the Negro labor groups, under the leadership of A. Philip Randolph. The Negro American Labor Council organized early last spring set the character of Negro political determination, that from now on in the field of political action, it would not compromise, it would not equivocate, it would not retreat a single inch.

The importance of the Negroes in political action is not merely a northern city phenomenon. It is a southern development also of first rate importance. Within the next four years, this importance is bound to increase. In Texas, for example, the job done by the AFL-CIO groups among their own members, and among the Negroes and Texans of Mexican descent carried that state.

Incidentally, or not so incidentally, it is important to note that this was the first presidential election in which almost every state and city labor council had merged their organizations. Indeed, I would emphasize the importance of the merged AFL-CIO on every level in playing labor's political role. It even stimulated many international unions to unprecedented action. I would therefore assign to the national COPE—the Committee on Political Education—far greater credit in orchestrating labor's political energies than Mr. Biemiller cared to.

I can go on at great length, and keep busy correcting the emphases, or lack of them, made by Gerry, or Andy Biemiller, wholesale and retail, but I suspect this joint is jumping with men and women eager for their moment of truth. I will therefore not hold you much longer, except to add this relevant fact about Jack Kennedy as a candidate and as president. Never before has an American presidential candidate appeared who had such detailed, first hand knowledge of labor and labor-management relations—even perhaps as compared with Roosevelt and Truman. President Roosevelt's knowledge of organized labor was different in nature. FDR came early to know the aspirations of a labor movement, but in the beginning, he knew few of the practicalities and ramifications of the movement itself. Harry Truman's understanding of labor-management relations was a result of on the job training in the White House. He knew some of the Kansas City and St. Louis labor people first hand, but that's about all until he came to the presidency. And then, there

was the time in 1946 he was saved from drafting the railroad workers by the intercession of Robert A. Taft! But, Kennedy's knowledge of trade unions, their people and their problems dates back at least to the first year he came to Congress. That first year was a time of test. This was 1947, the year the T-H was passed. Kennedy quickly established his position; he opposed the T-H law, voted to uphold the Truman veto. That year Richard Nixon, another freshman Congressman, voted for the T-H law and voted to override the Truman veto. From serving on the House Labor Committee, Kennedy went on to the Senate and became the chairman of the Labor sub-committee.

What did this mean in the campaign? Kennedy showed during the campaign that he had firsthand knowledge of the whole gamut of labor legislation, why it did or did not pass, or why it passed in the shape it did. It means he knows labor and management personalities. The enmity he earned of the Teamsters provisional president—incidentally neither Biemiller explained what effect the Hoffa influence might have had in such a close election nor did Reilly refer to Hoffa's desperate efforts to help Nixon by derailing Kennedy—also became part of the Kennedy image in the public and labor mind. As a member of the McClellan Committee on improper practices in the labor or management field, Kennedy had made a special point of directing his finger at corruption in management areas as in certain union circles. He did not hesitate to tackle what he considered serious improprieties in certain members of the legal profession, men he believed could be found in complicity with practitioners in labor-management corruption.

With such Kennedy efforts, organized labor did not hesitate to ally itself. The basic issue so far as labor was concerned was the selection of a new economic and political leadership from which the nation generally and labor in particular would benefit.



**Part VIII**

**SOVIET WAGE STRUCTURE**

# THE SOVIET WAGE REFORM

WALTER GALENSON

*University of California (Berkeley)*

A massive program of wage reform was begun in the Soviet Union during the closing months of 1956. Its purpose was no less than rationalization of the structure and administration of the nation's entire system of wages and salaries. Spearheading this effort, probably the most ambitious ever undertaken in the sphere of wages, was a newly created body, the State Committee of the Council of Ministers of the USSR on Questions of Labor and Wages, which was vested with authority over all wage and salary matters, including in addition to actual rates, forms and methods of wage payment, piece rate determination and task setting, and allied aspects of labor productivity. The research arm of the State Committee is the Institute of Labor, which coordinates the activities of some 300 labor research agencies scattered throughout the country. The State Committee publishes two monthly journals dealing in substantial part with wage questions, *Socialist Labor* and *The Bulletin of Scientific Information on Labor and Wages*.

By the end of 1960, some 32 million employees, comprising well over half the non-agricultural labor force of the Soviet Union, will be paid according to the new principles embodied in the reform. The process is to be concluded for the entire non-agricultural labor force some time in 1962. The first sector of the economy to be affected was heavy industry, which was operating under a revised wage system by the end of 1959. Light industry was tackled in 1959-60. Transport, communications, and the state farms (but not the collective farms) are to be dealt with in 1961, while trade, education, health, and the civil service are to have their turns in 1962.<sup>1</sup>

What impelled the Soviet authorities to undertake this ambitious and costly program? The freeing of the labor market during the early nineteen fifties, after almost fifteen years of a job freeze, was one of the major causes. During the war and postwar reconstruction, many emergency wage and manpower measures had been introduced with the single-minded purpose of expediting the output of military and civilian goods. Controlled centrally from Moscow, individual

<sup>1</sup> *Socialist Labor*, 1960, No. 5, p. 9. The Russian title of this journal which will be referred to hereafter only in English translation, is *Sotsialisticheskii Trud*.

industries tended to operate as independent baronies, insulated by the inability of workers to move from one to another. Even within industrial jurisdictions and single plants, the lack of labor mobility permitted management to be careless about wage structure and practices.

The result was a wage system permeated with difficulties and irrationalities from the point of view of a freer labor market. By 1955, basic wage scales constituted less than half of total earnings in such important industries as machinery and metalworking, steel, and chemicals, and even less in others.<sup>2</sup> The remainder of earnings came from piece work and a vast network of bonus arrangements. Production norms had fallen sharply during the war as a result of the induction into the labor force of a great many untrained workers, and factory managers followed the policy of carrying loose norms forward as a means of permitting earnings to rise in the face of the inflexible basic wage scales, which were determined bureaucratically in Moscow. As a result, output norms were being overachieved by 55 per cent for industry as a whole during 1956.<sup>3</sup> In some industries which were under great pressure, such as machine tools and instruments, it was the rule for workers to turn out double the standard tasks when on piece work. To prevent the development of too great discrepancies between the earnings of piece and day workers, management resorted to subterfuges which were not conducive to an orderly wage structure. Many workers on completely automatic machine processes, or employed in repair and service activities, even janitors, were put on piece work, which became all-pervasive without regard to suitability for a particular job. Thus, in March, 1956, 77.5 per cent of all Soviet manufacturing wage earners were on piece rates; broken down into direct production and non-production jobs, the corresponding percentages were 95 and 55 respectively.<sup>4</sup> As alternatives to fictitious piece work, day workers were systematically overgraded or simply given "incentive" bonuses which had little relationship to performance.

All of this contributed to the creation of a system of wage payment which was increasingly unable to fulfill the functions desired of it by the planning authorities. The most important function of

<sup>2</sup> F. I. Kotov, *Voprosi Truda v Syemilyetnem Planye (Questions of Labor in the Seven Year Plan)*, Moscow, 1960, p. 167.

<sup>3</sup> *Ibid.*, p. 168.

<sup>4</sup> Institut Truda, *Voprosi Truda (Questions of Labor)*, Vol. II, Moscow, 1959, pp. 76-80.

the wage system, in the Soviet view, is to provide strong incentives for better and harder work. Khrushchev recently emphasized this aspect of wage policy when he told the Supreme Soviet of the USSR, on May 5, 1960: "It is necessary that people receive not only moral satisfaction from their work. For better quality and quantity of work, under conditions of socialism people must earn higher wages. Qualified, highly productive labor, which creates the conditions for greater accumulation, must be paid higher." As the stick of the Stalin era receded into the past, the carrot held out by Khrushchev became all the more important.

Secondly, since the abolition of direct labor controls, wages have become the chief mechanism for allocating the labor supply. For the first time, the Soviet authorities have had to come to grips with the concept of a labor supply function. They began to realize that you cannot secure a rational allocation of available manpower resources when wage differentials are determined by the sheer accident of administrative jurisdiction, with little relationship to the skill and productivity of the workers concerned. To cite one example of the kind of thing that was taking place: prior to the wage reform in the construction industry, workers engaged in capital repair on the payroll of industrial enterprises earned far less than those doing new construction under the aegis of building organizations, leading to the proliferation of small, inefficient, independent building units which had as their rationale the possibility of paying higher wages for repair work.<sup>5</sup>

The third major function of a wage system, that of distributing income in what is regarded as a socially desirable manner, is less of a problem in the Soviet Union than in the West because of the availability to the Soviet authorities of direct controls over industry, as well as because of the Soviet practice of providing a wider range of consumer services directly through the state budget, notably medical care and housing. Nonetheless, runaway piece earnings, particularly for skilled workers, and excessive bonuses for managerial and technical personnel, were beginning to threaten the stability of the wage level and to distort the pattern of income distribution. To quote a recent Soviet source: ". . . many ministries, with the aim of eliminating bottlenecks, introduced corrected wage scale coefficients in some departments, as well as incentive systems with scales which

<sup>5</sup> *Socialist Labor*, 1960, No. 4, p. 51.

were incorrectly adjusted economically, and did not revise them after the goals had been achieved. As a result, and also because of an outmoded basic wage system, too great differences between minimum and maximum earnings of particular categories of employees emerged. In many enterprises, skilled workers' earnings exceeded those of unskilled by 4 to 8 times. Earnings of highly paid groups of non-manual employees exceeded by a factor of several times the average earnings of the low paid groups."<sup>6</sup>

This was the background against which the wage reform was undertaken. It is still too soon for a definitive assessment of what has been achieved. For one, the reform is still in progress in a large sector of the economy, and is of very recent origin where it has already taken place. A more serious matter, however, is the almost complete absence of published earnings statistics. There is a considerable body of wage rate data, and this must be used for what it can tell us, and an occasional figure on earnings for a single enterprise or a department within it. But we do not even know the level of average earnings in all industry, let alone earnings for separate industries, occupations, and regions. Any conclusion must necessarily be tentative and subject to revision when data on earnings are finally made available.

### 1. *The Internal Wage Structure.*

The cornerstone of the Soviet wage structure is the basic wage scale, consisting of a relatively small number of labor grades expressed as ratios to the first (lowest) labor grade. On the basis of job description manuals, every job in the plant is slotted into one of the labor grades. In addition, each worker is assigned a corresponding personal grade on the basis of an examination conducted by a commission representing management and the local trade union. The wage rate paid is that for the job, although there are safeguards to protect the earnings of workers who are assigned to jobs rated more than one grade below their personal grades.

Prior to the wage reform, the most common arrangement was a basic scale with eight to ten grades, and a ratio of perhaps 1:2.8 between the lowest and highest grade (the ratio of extreme grades). With few exceptions, the new scales are limited to six or seven grades. Moreover, a much greater degree of uniformity has been obtained by

<sup>6</sup> F. I. Kotov, *op. cit.*, p. 161.

reducing the number of different basic scales in use; in the industries that had undergone reform up to April, 1960, the reduction was from 213 to 10 scales.<sup>7</sup> All enterprises in the farflung machinery industry, in oil refining, in building materials manufacture, and in woodworking had a single, identical basic scale.

The basic scales, which are simply ratios, tell nothing about earnings. They become determinate only when a money rate is assigned to the first grade. Flexibility is imparted to the system by providing for different first grade levels on the basis of varying conditions of labor. It is customary, for example, to specify different money rates for cold work and for hot work, for work on light and heavy jobs, for healthful and unhealthful work, for day work and piece work. Thus the basic wage scale may become a fairly complicated matrix of rates. Moreover, internal differentials become far greater than would be assumed from looking at the simple ratio scale alone. In the machinery industry, for example, the basic scale provides a ratio of extreme grades of only 1:2, but the top grade for a pieceworker on particularly heavy work is 2.85 times that of a day worker on a cold job. In steel production, the scale is stretched in this manner from 1:3.2 to 1:5.

Soviet internal wage differentials are shrouded in a certain amount of mystery which will not be dispelled until data on earnings become available. Differentials in basic wages had been narrowing up to the inception of the wage reform partly as a consequence of increases in the minimum wage, and partly due to upgrading of low rated workers. In 1956 there were virtually no workers employed at the first grade, and very few in the second. In heavy industry, grade III was the effective hiring grade, even for completely unskilled labor. This will sound quite familiar to those who recall wartime wage control in the United States.

With wages replacing direct manpower controls as the principal means of allocating labor, a policy of wider differentials might have seemed to be in order, to give management more leverage. And indeed, there were voices raised in favor of such a policy at the time. At a conference of 1200 personnel officials in the machinery industry held in Leningrad in October, 1956, a newly established basic scale with a ratio of extreme grades of 1:2.8 was criticized as being insufficient, and spreads as high as 1:3.2 and 1:3.4 were urged by a number

<sup>7</sup> *Socialist Labor*, 1960, No. 5, p. 10.

of the speakers. A few months later, however, the opposite policy was adopted, and the industry's most recent scale, promulgated in 1959, provides a differential of only 1:2. This policy was reaffirmed by Khrushchev in May, 1960, before the Supreme Soviet: "We must follow the policy of reducing wage differentials, of reducing differences among workers through raising the lowest paid categories up to the average and the average up to the highest. That is our road, because it is the correct, just road, and it will create the conditions for encouraging work among all members of our socialist society. . . ."

Notwithstanding the barrage of propaganda that has been loosed to justify wage leveling, the basic wage scales promulgated since 1957, although formally narrower than the ones they replaced, in fact provide for wider differentials. This paradox results from the fact that the lower grades in the old scales were non-operational, whereas it has been one of the objectives of the wage reform to restore grade I as the effective hiring grade. I have tested every available scale and found this to be true: the effective basic wage differential has been widened.

How can this be reconciled with the oft-repeated Soviet claim that wage differentials have been reduced? One explanation given to me was that the reduced relative importance of bonus pay affected higher paid skilled workers more than the semiskilled, so that in fact the spread in earnings had declined. There are no data to test this proposition, although there seems to be little doubt that the basic scales have become a larger component in earnings. The average increase in the basic wage rate scales was 47 per cent for heavy industry, raising the basic rates from less than half to 77 per cent of total earnings. But once again, a crucial claim cannot be substantiated due to lack of data.

One of the consequences of this aspect of the wage reform has been the necessity of downgrading most jobs and personal grades, if only because of the smaller number of grades in the new scales. In the Ural Machinery Plant, for example, the average grade fell from 4.51 to 2.38<sup>8</sup>. Although this process was generally not accompanied by any reduction in earnings, it was not entirely painless, to judge by some guarded Soviet comment. Elaborate campaigns were undertaken in each plant to convince workers that no loss of prestige was involved in moving down a grade or two. The following events were

<sup>8</sup> *Socialist Labor*, 1960, No. 7, p. 59.

reported to have taken place at the Lenin Electrical Equipment Plant in Moscow :

" . . . of 850 day workers it was necessary to lower the grades of 718 by one, and in some cases by two steps. Several workers who had received the higher grades ten to fifteen years ago reacted very strongly against classifications corresponding to the wage qualifications manual, although their earnings not only remained at the previous level, but in some cases even rose. Therefore the question of the possibility of reducing grades was submitted to the judgment of the workers themselves. A skilled worker, who had been at the plant over 25 years, came to the labor section with the request that notwithstanding his great seniority and experience, his grade be lowered from 7 to 6."<sup>9</sup>

Grievance boards were supposed to be set up to handle cases which did not end as happily.

## 2. *Forms of Wage Payment.*

The Soviet Union relies upon incentive methods of wage payment to a greater extent than any other industrial nation. The wage reform, by curbing some of the excesses that had crept into the system, reduced the incidence of piece work somewhat, but it by no means signified any substantial abandonment of this form of wage payment, as is sometimes mistakenly assumed. In the steel industry, for example, the proportion of workers on piece rates fell from 70 to 66 per cent, while in the Donbas coal mines, the decline was from 60 to 51 per cent.<sup>10</sup> Only in such industries as chemicals, where because of the automatic character of the production process, much of the piece work had been of an artificial character, was the decline sharper; in chemicals as a whole, from 59 to 36 per cent. The Twenty First Communist Party Congress reaffirmed the correctness of the slogan, "From each according to his ability, to each according to his labor," which has been interpreted as approving once again the beneficence of piece work.

The most serious deficiency that the investigators of the State Committee found when they probed into the administration of piece work was the loose production standards that were everywhere prevalent. When basic wage scales were raised, output norms had to be

<sup>9</sup> P. F. Petrochenko (editor), *Improvement in the Organization of Wages and Norm Setting*, Moscow, 1958, p. 83.

<sup>10</sup> F. I. Kotov. *op. cit.*, p. 179.

tightened to prevent earnings from going up correspondingly. A great amount of effort has been devoted to restudying operations, and norms have been revised upward. Standard task fulfillment fell, as a result, from 140 per cent to 113 per cent in heavy industry as a whole; in steel, from 136 to 112 per cent; in coal mining, from 123 per cent to 107 per cent.<sup>11</sup>

Anyone familiar with wage administration is aware of the psychological problems involved in raising performance standards. Workers are quick to resent the necessity of turning out more work for less pay. In the West, grievances and strikes are a common concomitant of the norm raising process. The Soviet worker cannot strike, but nonetheless, the Soviet authorities have approached the matter cautiously. There has been an endless stream of propaganda on the justification for higher "scientific" norms as against lower "statistical" norms. Perhaps more important has been the simultaneous reduction in working hours. The working day has been reduced to 7 hours, with an average 41 hour week, from the previous 8 hour day, 48 hour week. (The government has promised, incidentally, that beginning in 1964, hours are to be reduced gradually to 35 per week.) Workers were thus told that in order to prevent any loss of output, they had to produce as much in 7 hours as they had in 8 hours before the reform.

A form of piece work with great inflationary propensities, the so-called "progressive" piece rate system, was a particular target of the wage reform. Under this scheme, earnings rose more than in proportion to output beyond the standard task, and when coupled with low norms, the result was spiralling of earnings for those who were fortunate enough to have access to "progressive" rates. This has now been completely eliminated and replaced mainly by straight piece work, in which earnings rise in direct ratio to output.

Day workers are usually eligible for incentive pay in the form of bonuses for various types of achievement. Prior to the wage reform, many achievement indexes had been invented primarily to maintain the earnings of day workers in the face of rapid piece earnings increases. There were bonuses for saving materials, fuel, and electricity; for meeting the output plan both quantitatively and qualitatively; for maintaining machinery; for reducing idle machine time; and for a host of other achievements. Premium pay is still regarded

<sup>11</sup> *Socialist Labor*, 1960, No. 5, p. 9.

as essential to maintain the interest of the day workers in plant performance, but regulations have been promulgated to curb abuses. These provide for specific maximum bonus levels, and define with some precision the achievement indexes that may be employed. For most industries, bonus payments may not exceed between 20 and 30 per cent of the base pay.

### 3. *The External Wage Structure.*

The freeing of the labor market uncovered many anomalies in wage differentials within local labor markets, among industries, and among regions. Undesirable manpower movements occurred, while desirable ones failed to materialize. One of the major purposes of the wage reform was to correct for these deficiencies and at the same time to simplify the structure, which had grown very complicated through the application of hundreds of piecemeal emergency measures.

The money rate for the first labor grade in the basic wage scale is established for each industry primarily on the basis of that industry's importance to the development of the national economy, with arduousness of the work and average skill level as additional factors. The chief objective of the differentials thus set is to secure for the critical industries, which in the Russian lexicon is equivalent to heavy industry, an ample supply of skilled labor, with the consumer goods industries getting what is left over.

The precise loadings which are applied to yield the desired differentials have not been published, but there is available from a Soviet source an *ex post* calculation indicating the relative importance of the various factors used. This is shown in Table 1. In coal mining, for example, conditions of labor are given great weight, while the skill factor is rated high for machinery production, and the locational factor for chemicals. In terms of industrial priority, the industries are divided into two distinct groups, although it is puzzling to find fish in the essential and chemicals in the nonessential groups.

Table 2 shows the evolution of industry wage level rankings from 1924 to 1956. These very clearly reflect not only the growing importance attributed to heavy industry over the entire planning period, but the precise time periods in which certain industries reached critical manpower stages. The oil industry, for example, ranked 11 out of 17 in 1924, moved up to first place in 1935, and has been moving down since. As in most other countries, coal mining found its way to first place in the wage hierarchy from a very low position

TABLE 1  
A Calculated Inter-Industry Wage Determination Matrix, 1957  
(Dairy products = 100)

Factors determining wage levels	Industry					
	Dairy products	Shoes	Machinery	Chemicals	Fish	Coal
Conditions of labor	1.00	1.10	1.08	1.21	1.24	1.53
Complexity of the work	1.00	1.15	1.20	1.06	1.20	1.12
Geographical location	1.00	1.00	1.01	1.45	1.05	1.14
Industrial priority and other	1.00	1.05	1.30	1.10	1.31	1.31
Total	1.00	1.33	1.70	2.05	2.05	2.55

Source: *Socialist Labor*, 1958, No. 2, p. 50.

TABLE 2  
Ranking of Soviet Industries by Level of Wages, 1924 - 1956

Industry	1924	1928	1935	1940	1950	1956
Coal.....	10	14	4	1	1	1
Iron ore.....	15	12	6	5	2	2
Steel.....	13	9	5	2	3	3
Oil.....	11	8	1	3	4	4
Paper and pulp.....	7	11	13	14-15	6	5
Machinery.....	4	1	3	4	5	6
Electric power.....	—	3	2	7	7	7
Chemicals.....	5	6	7	6	8	8
Wool.....	12	13	14	14-15	9	9
Fur and leather.....	3	5	10	11	12	10
Woodworking.....	9	15	11	12	13	11
Cotton textiles.....	14	16	12	10	11	12
Printing.....	1	2	8	8	10	13
Shoes.....	2	4	9	9	15	14
Linen.....	16	17	17	16-17	14	15
Food processing.....	6	10	16	16-17	16	16
Garment manufacture.....	8	7	15	13	17	17

Source: A. G. Aganbegyan and V. F. Mayer, *Zarabotnaya Plata v SSSR (Wages in the USSR)*, Moscow, 1959, p. 190.

in 1928, at the very beginning of the planning period. Printing and shoe manufacture display an opposite movement, from high to low as industrialization proceeds apace.

The only fairly recent ranking of industries in which quantitative wage relationships are shown is for 1955, as indicated in Table 3.

TABLE 3  
Wage Differentials for Selected Soviet Industries, 1955

<i>Industry</i>	<i>Ranking</i>	<i>Index of level of average wages (coal mining = 100)</i>
Coal mining .....	1	100.0
Non-ferrous metallurgy .....	2	92.4
Iron and steel .....	3	83.3
Fish .....	4	79.6
Oil .....	5	75.2
Chemicals .....	6	68.7
Machinery .....	7	68.0
Power .....	8	65.1
Timber .....	9	64.0
Paper and woodworking .....	10	62.3
Building materials .....	11	62.1
Light industry .....	12	55.2
Food .....	13	47.3
Meat and dairy .....	14	46.0

Source: Leonid Kostin, *Wages in the USSR*, Moscow, 1960, p. 17.

These data reveal inter-industry differentials of an order of magnitude not far different from United States wage structure.

It is doubtful that the wage reform has effected much change in the industry rankings shown in Table 2, although there may have been some compression in the differentials in Table 3. Earnings have risen most in the coal, steel, and chemical industries,<sup>12</sup> confirming the leading positions of the first two, and perhaps boosting chemicals from its eighth place in 1956.

Geographical differentials have come in for a great deal of explicit attention, mainly because of the effort to augment the labor supply in some of the less settled areas of the Soviet Union. Again, a patchwork of decrees had created many anomalies. For example, wage premia for work in the far North were given only to in-migrants to the exclusion of the indigenous population, with the result that the latter moved out as fast as the former moved in.<sup>13</sup> In setting new geographical differentials, account was taken of climatic conditions, of the prices and availability of consumer goods, of consumption patterns. Thus, the premium of 60 per cent given to far Northern regions over European Russia was composed of 10 per cent for differences in working conditions, 40 per cent for differences in living

<sup>12</sup> *Socialist Labor*, 1960, No. 5, p. 9.

<sup>13</sup> *Socialist Labor*, 1960, No. 7, p. 51.

conditions, and 10 per cent for differences in consumption requirements. In place of the numerous regional differentials that had been established by each industry, under which, for example, chemical workers in the Far East had received only 10 per cent above the Moscow level, whereas rubber workers received 73 per cent more, uniform regional differentials were established to cover all industries.

Finally, with respect to local differentials among enterprises of the same character, the theory seems to be that as far as wages go, no specific account need be taken of such factors as differences in size of plant and type of product. Appropriate wage relationships are sought through the internal job classification process. Other things being equal, a machinery enterprise producing complicated products will have a higher average job grade level, hence higher earnings, than one with a simple pattern of output. The Russians would probably feel that much of the earnings spread to be found among similar enterprises within local labor markets in the United States is irrational. However, the new scales do attempt to eliminate wage differences rooted in the accident of administration. Prior to the reform, for example, brick enterprises of the old Ministry of Construction had a daily wage rate 50 to 60 per cent above that being paid in brick plants belonging to other ministries. In Dunlopian terms, this involved a reshuffling of the wage contours; brickmakers are now compared with other brickmakers rather than with construction workers.

#### 4. *Salaries.*

Prior to the wage reform, every industry had its own salary schedule, and there was little relationship among industries in this respect. The result was some very wide differences for work essentially similar in character. In 1956, for example, a senior bookkeeper earned 861 rubles a month in the steel industry and 532 rubles in baking; the cashier's rate in non-ferrous metallurgy was 718 rubles, in the meat industry, only 379 rubles.<sup>14</sup> The wage authorities came to the conclusion that differentials of this magnitude were unwarranted, and set about reducing them.

The State Committee also felt that there were unreasonable variations among industries in inter-salary relationships. Why, for example, should a shop manager have a premium of 37 per cent over

<sup>14</sup> Aganbegyan and Mayer, *op cit.*, p. 142.

a foreman in garment manufacture, and only 11 per cent in tobacco factories? Why should the engineer's rate be 33 per cent over that of the foreman in the veneer industry, and only 14 per cent in shoe manufacture? Why should a bookkeeper in coal mining earn 119 per cent more than a timekeeper, and only 58 per cent more in the veneer industry? Finally, there were some very sharp variations between wages and salaries for different industries, as indicated in Table 4.

TABLE 4  
Relative Earnings of Soviet Engineering and Technical Personnel  
to Those of Wage Earners, 1957  
(Wage Earners = 100)

<i>Industry</i>	<i>Index for engineering personnel</i>
Ore mining .....	240
Fishing .....	200
Coal mining .....	160
Cotton textiles .....	160
Meat processing .....	160
Lumbering .....	150
Machinery .....	150
Wool .....	140
Hosiery .....	135
Dairy products .....	130
Leather .....	120
Cotton cleaning .....	115

Source: Aganbegyan and Mayer, *op. cit.*, p. 202.

Another source of dissatisfaction was with the existing system of salary bonuses. Particularly for top management and engineering personnel, these were often very large in amount, exceeding twice the base pay in some industries. They were usually awarded on the basis of output plan fulfillment, without regard to other operating achievements. Costs might be high, quality low, and productivity declining, yet management could reap large rewards solely on the basis of adequate gross output. While this may have been justified during the critical years of the war, it hardly made sense under normal economic conditions.

To correct these and other alleged defects, a new series of salary regulations has been promulgated. Within industries, there is an

attempt to provide a rational basis for inter-plant salary differentials, on the basis of such factors as value of product, volume of employment, number of types of product, power requirements and working conditions. Thus, other things being equal, the management of a large plant will receive more than that of a small plant; there is a premium for the production of new and complicated products as against ordinary serial production, etc. The weighting systems used for these factors are quite specific, and they are available for a number of industries.

There has been considerable simplification with respect to the variety of salary schedules in use. About 35 schedules have replaced 700 that were in effect in 1958, including two basic schedules for clerical personnel that apply over a great variety of industries.<sup>15</sup>

The following factors have been employed in constructing inter-industry salary differentials: a) the national economic significance of the industry; b) the character, complexity, and technical level of production; c) the duties of particular groups of employees; and d) the theoretical and practical qualifications of employees. All employees are divided into two basic groups for this purpose: those whose jobs vary from industry to industry, and those whose jobs are basically similar no matter where employed. Differentials are established for the former on the basis of the factors enumerated, while uniform schedules are promulgated for the latter. It might be well to point out that brackets rather than single rates are stipulated, the in-bracket differences varying from 10 per cent for the higher paid jobs to 50 per cent for the lower paid ones, and that the enterprise manager has the right to assign individual rates within the brackets.

There has been a great deal of Soviet comment on the appropriate relationship between wage and salary levels. The evolution of the earnings differential between the major groups is shown in the following figures, in which the earnings of engineering and technical personnel, on the one hand, and clerical personnel, on the other, appear as relatives to the earnings of wage earners:<sup>16</sup>

	1935	1940	1950	1955	1959
Wage earners .....	100	100	100	100	100
Engineering and technical personnel .....	236	210	175	165	160
Clerical employees .....	126	109	93	88	80

<sup>16</sup> Aganbegyan and Mayer, *op. cit.*, pp. 201-202.

<sup>15</sup> F. I. Kotov, *op. cit.*, p. 181.

These data show wage earners gaining steadily on the other groups since 1935, and in absolute terms, passing the clerical employees some time between 1940 and 1950. However, the earnings spread between engineering and clerical personnel widened slightly between 1935 and 1959, and in this respect, at least, there is less rather than more equalitarianism in earnings.

As a general guide for the wage reform, the salary of a foreman was taken as the base for the entire salaried group, and set at a level 10 to 15 per cent higher than the highest wage being earned by a wage earner under his supervision. Within the salaried group, the foreman appears to have been equated with a qualified engineer, while the plant director is assigned a salary three to four times higher. A qualified accountant, on the other hand, receives only 70 per cent of the engineer's salary; a statistician and a stenographer, about half.<sup>17</sup> These differentials are smaller than they were prior to the wage reform, and are regarded as appropriate under current conditions. In the long run, however, clerical salaries are expected to rise relatively as a consequence of mechanization, which is still in its infancy for white collar work in the Soviet Union.

To curb excessive executive bonuses, a regulation effective October 1, 1959, placed a maximum limit on them of 60 per cent of salaries for the coal, oil, steel, and chemical industries, and 40 per cent elsewhere. Bonus schemes are to be linked not only to production, but to cost and other performance indexes as well. In machinery production, for example, there are to be bonuses for fulfillment of the production plan, including the assortment of goods; the labor productivity plan; and the plan for deliveries to other establishments. In the leading branches of this industry, bonuses of up to 12 per cent of salary may be paid for fulfilling the plan for cost reduction, plus up to one per cent in addition for each per cent overfulfillment of the plan.

#### SUMMARY

The goals of the Soviet wage reform which was begun in 1956, and had been completed at the end of 1960 for more than half the non-agricultural labor force, were:

1. To simplify the internal wage structure. The number of basic labor grades has been reduced from 8 or more to 6, on the average.

<sup>17</sup> Leonid Kostin, *Wages in the USSR*, Moscow, 1960, pp. 60-63.

2. To narrow wage differentials. Whether or not this has been achieved cannot be determined in the absence of earnings data.

3. To raise the proportion of total earnings contributed by the basic wage scale. Sharp increases in basic wages and reduced access to wage supplements have contributed to the accomplishment of this goal.

4. To tighten production standards and eliminate those forms of piece rate payment conducive to excessive earnings. Norms have been raised substantially, accompanied by a reduction in working hours to make the process more palatable, and so-called "progressive" piece work eliminated in favor of straight piece work.

5. To create inter-industry and geographical wage differentials which produce the manpower flows desired by the planning authorities. Uniform and more rational differentials have apparently been established.

6. To correct inequities within the salary structure, and between salaries and wages. Salary schedules have been revised extensively, but in the absence of statistics on earnings, we cannot judge the impact of the revisions. However, wages appear to have gained on salaries, although this is part of a long-run trend.

7. To curb excessive bonuses to managerial and engineering personnel. A new bonus regulation was promulgated in 1959, but it is still too soon to determine whether it will be effective.

# COMPARATIVE WAGE STRUCTURES IN THE STEEL INDUSTRY OF THE SOVIET UNION AND WESTERN COUNTRIES

M. GARDNER CLARK

*Cornell University*

This paper compares the wage structure of integrated iron and steel plants in the Soviet Union and the leading Western countries. The most complete Soviet wage data available are for the year 1956. After making a brief Soviet-American comparison for that year, I describe the 1957-58 Soviet wage reform and the current wage structure resulting from the reform. The second part of my discussion compares the structure of wages in the blast and open hearth departments of a Soviet plant with similar departments in the United States, West Germany, the Netherlands, Italy and Great Britain.

My main theme is to compare the inequality of Soviet money wages with the inequality of Western counterparts. The measures I use are wage frequency distributions, scales of wage rates and salary grades and comparative differentials between various production and maintenance jobs. In conclusion I have something to say about the reasons for the contrasting wage structures that emerge from the comparisons, and about the relationships between wage structure and comparative labor productivity.<sup>1</sup>

## THE SITUATION IN 1956

As a part of the post-Stalin wage reform, the Soviet government made a thorough study of industrial wage structures. This study was carried out industry-by-industry and included eighteen iron and steel plants. Table 1 gives a frequency distribution of earnings in the month of March 1956 for a typical integrated iron and steel plant employing nearly fifteen thousand individuals.

Nothing in comparable detail and completeness has been published about a non-Soviet steel plant which would facilitate comparisons. Nevertheless, one is immediately struck by the tremendous range in wage rates and earnings. For the fifteen thousand employees as a whole, the top-paid employee earned fifteen times as much as

<sup>1</sup> I am grateful to George Hildebrand for many helpful criticisms and suggestions.

TABLE 1  
Distribution of Earnings In An Integrated Soviet Iron and Steel Plant In 1956

Month's Earnings in Rubles	Number of Persons on Payroll for Month of March										Relative Earnings, 300 Rubles Equals 1.00	
	Personnel Engaged in Basic Work of the Plant											
	Hrly. Paid Workers		Learners and Apprentices	Managerial and Technical	Clerical	Service Personnel	Safety and Health	Total Industrial Personnel	Tangential Personnel	Grand Total Personnel		
Up to 200	-	-	-	-	-	-	-	-	-	-	-	-
201-230	-	-	-	-	-	-	-	-	34	34	.677-	.770
231-250	-	-	2	-	-	-	-	2	8	10	.770-	.837
251-280	1	3	40	-	-	-	-	44	10	54	.837-	.937
281-300	-	-	42	-	-	-	-	42	12	54	.937-	1.00
301-330	7	1	98	-	-	3	22	131	54	185	1.00 -	1.10
331-350	12	8	29	-	-	41	12	102	36	138	1.10 -	1.17
351-400	34	34	35	-	1	28	92	224	140	364	1.17 -	1.33
401-500	192	217	93	-	86	185	74	847	107	954	1.33 -	1.67
501-600	515	448	32	-	195	22	26	1238	113	1351	1.67 -	2.00
601-700	832	610	14	30	126	5	7	1624	66	1690	2.00 -	2.33
701-800	1060	473	6	67	81	2	3	1692	52	1744	2.33 -	2.67
801-900	1219	508	3	169	46	5	3	1953	36	1989	2.67 -	3.00
901-1000	1104	389	2	270	26	-	1	1792	15	1807	3.00 -	3.33
1001-1200	1493	473	2	454	46	-	-	2468	9	2477	3.33 -	4.00
1201-1400	758	154	-	272	12	-	-	1196	4	1200	4.00 -	4.67
1401-1600	249	21	-	131	7	-	-	408	-	408	4.67 -	5.33
1601-2000	139	3	-	118	9	-	-	269	-	269	5.33 -	6.67
2001-3000	14	2	-	58	5	-	-	79	-	79	6.67 -	10.00
3001-4000	-	-	-	6	-	-	-	6	-	6	10.00 -	13.33
4001-5000	-	-	-	-	-	-	-	-	-	-	-	-
Over 5000	-	-	-	-	-	-	-	-	-	-	-	-
<b>Totals</b>	<b>7629</b>	<b>3344</b>	<b>398</b>	<b>1575</b>	<b>640</b>	<b>291</b>	<b>240</b>	<b>14117</b>	<b>696</b>	<b>14813</b>		
Range.....	0.837-	0.837-	0.770-	2.00-	1.17-	1.00-	1.00-	0.770-	0.667-	0.667-		
Med.....	10.00	10.00	4.00	13.33	10.00	3.33	3.33	13.33	4.00	13.33		
Q3.....	298	258	131	373	210	147	132	287	160	282		
Q1.....	367	313	160	447	263	160	158	360	220	354		
Q1/Q3 in %.....	243	207	108	316	179	133	121	220	125	213		
Below 350.....	66.2	66.1	67.5	70.7	70.7	8.31	76.6	61.1	56.8	60.2		
	20	12	211	0	0	44	34	321	154	475		

Source: Ia. D. Katz. *Promyshlennaia statistika na predpriiatiakh chernoi metallurgii*, Moscow, 1957, p. 198.

the lowest paid, and if the six top managers are included, the earnings ratio reaches twenty to one.

The lowest paid workers were found in the non-industrial or "tangential" category, which includes people who take care of rest homes, "victory gardens," workers' clubs, housing, etc. As one would expect, learners and apprentices as a group had the lowest median earnings. If we make their median earnings equal to 100, the median earnings of the other groups follow:

Learners and Apprentices .....	100
Safety and Health .....	101
Service .....	112
Non-Industrial or Tangential Personnel .....	122
Clerical .....	160
Hourly-paid Time Workers .....	197
Hourly-paid Piece Workers .....	228
Managerial and Technical .....	285

The highest paid group of managers and technical specialists began at a relatively high level and earned distinctly more on the average than other groups, but only six of them individually earned more than the top range of hourly paid workers.

Seventy-eight per cent of the total work force in the Soviet steel plant were hourly paid, and in this category the top-paid piece and time workers earned twelve times the wages of their lowest paid fellow workers. Table No. 2 compares their earnings with the wages of hourly paid production and maintenance workers in an integrated American iron and steel plant at about the same time (1955). The American data show the percentage of workers in each of the 32 job classes set up under the joint industry-wide job-evaluation plan.<sup>2</sup>

All of the workers in the Soviet plant were on the payroll for a full month, which in 1956 amounted to a "standard" 182.5 hours. The

<sup>2</sup> At the time, two-thirds of its production and maintenance workers were on non-incentive and one-third on incentive pay. Incentive earnings, for incentive workers only, averaged 25 per cent above the weighted hourly guaranteed incentive base rate.

The figures for the U. S. plant were not entirely typical of the picture for the American steel industry as a whole. At that time the average earnings for the industry were almost the same, but about half of the industry's employees were on incentives, and incentive earnings averaged about 20 per cent above the guaranteed base. At the present time, close to two-thirds of the employees of the leading companies are on incentives, with earnings a bit more than 20 per cent above the guaranteed hourly base rate.

TABLE 2

## Comparative Wage Distribution For A Soviet And An American Integrated Iron And Steel Plant

Pay Relatives	Soviet Plant			American Plant			
	Total Hourly Paid	Incentive	Non- Incentive	Pay Relatives	Total Hourly Paid	Incentive	Non- Incentive
0.84-0.94	<.1	<.1	<.1	1.00	1.7	-	1.7
0.94-1.00	-	-	-	1.04	5.9	0.4	5.6
1.00-1.10	.1	.1	.0	1.07	5.7	1.5	4.2
1.10-1.17	.2	.1	.1	1.11	5.1	1.7	3.4
1.17-1.33	.6	.3	.3	1.14	10.0	3.6	6.5
1.33-1.67	3.7	1.8	2.0	1.18	11.2	3.8	7.4
1.67-2.00	8.8	4.7	4.1	1.21	4.9	3.0	1.9
2.00-2.33	13.1	7.6	5.6	1.25	12.7	3.0	9.9
2.33-2.67	14.0	9.7	4.3	1.28	7.0	2.8	4.2
2.67-3.00	15.7	11.1	4.6	1.32	3.9	1.5	2.5
3.00-3.33	13.6	10.1	3.6	1.35	4.7	1.8	2.9
3.33-4.00	17.9	13.6	4.3	1.39	3.0	1.5	1.5
4.00-4.67	8.3	6.9	1.4	1.42	4.7	2.3	2.4
4.67-5.33	2.5	2.3	.2	1.46	9.9	1.4	8.5
5.33-6.67	1.3	1.3	.1	1.49	4.1	1.4	2.7
6.67-10.0	.2	.1	.1	1.53	2.4	.3	2.1
				1.56	1.0	.9	.2
Total	100	69.5	30.5	1.60	.3	.3	.0
				1.63	.2	.2	-
				1.67	.1	.1	-
				1.70	.2	.2	-
				1.84	.1	.1	-
				1.91	.7	.7	-
				1.95	.2	.2	-
				1.98	.1	.1	-
				2.09	.1	.1	-
				Total	100	32.5	67.5
Range	0.84-10.0	0.84-10.0	0.84-10.0	Range	1.00-2.09	1.04-2.09	1.00-1.60
Median	2.87	2.98	2.58	Median	1.25	1.25	1.25
Q1/Q3 in %	66.2	66.2	66.1	Q1/Q3 in %	82.0	83.1	82.0

Source: Soviet data are from Table 1. Pay relatives are relative monthly earnings with 300 rubles equal to 1.00. The frequencies are the absolute numbers of hourly paid workers (7629 incentive and 3344 non-incentive) converted into percentages to total 100. Sixty-nine per cent of the Soviet hourly paid were on incentives and 31 per cent on non-incentive pay. American data are for an integrated iron and steel plant in 1955. The pay relatives are the rates for the 32 job classes with Class 1 equal to 1.00. A few of the higher classes were not used.

lowest paid hourly incentive and non-incentive workers received a minimum of 251 rubles and the highest paid earned a maximum of 3,000 rubles. The American pay scales amount to guaranteed minimum earnings on both incentive and non-incentive work. If, therefore, the lowest paid American workers, incentive as well as non-incentive, had put in the "standard" Soviet month, they would have each earned \$1.57 an hour or \$286.53 for the month. If earnings of the top paid American worker had been in the same proportion to the lowest paid as was the case in the Soviet plant, the top paid American incentive and non-incentive workers would have each earned a maximum of \$3,410 for the month. (To maintain the same proportions the top paid American steelworkers in December 1960 would have to earn \$4,409 a month.) By putting it this way we can see immediately the enormous spread of Soviet steel workers' earnings.

Shifting our attention from the extremes to the mid-section of the distributions, we find that the quartile ratios ( $Q1/Q3$  in %) for both incentive and non-incentive workers in the Soviet plant are 66%. These measures of dispersion are distinctly smaller than those for the contemporary American plant (82 and 83%). As we shall show later, this divergence in the quartile ratios reflects the greater Soviet skill differentials.<sup>3</sup>

To the western observer, this 1956 Soviet wage structure appears to be anything but compressed, but specialists concerned with wages in the Soviet steel industry were concerned about "wage leveling." And insofar as this Soviet plant was typical of the industry there may have been a contraction of the Soviet steel wage structure in the preceding two decades. Bergson (p. 101) found a quartile ratio for the Soviet iron and steel industry in 1934 of 51 % (compared to 66% in the Soviet plant in 1956).

The minimum wage law decreed six months later in September 1956 and applicable from January 1, 1957, had a further "leveling" effect, and made it all the more urgent for the late 1957 wage reform to rebuild differentials. By looking at Table No. 1 we can see the direct impact of raising the minimum wage to 350 rubles a month. All told, some 475 of the 14,813 workers were earning less than the

<sup>3</sup> They happen to be identical to the quartile ratios that Bergson found for the American iron and steel industry in both 1910 and 1931 (66.6 and 66.1%). Abram Bergson, *The Structure of Soviet Wages*, Cambridge, Massachusetts, 1944, p. 105.

new legal minimum. Since iron and steel was the second or third highest-paid industry in the Soviet Union, the minimum wage law probably had an even greater leveling impact on the Soviet wage structure as a whole.<sup>4</sup>

There were other developments that seemed to Soviet analysts in 1956 to need correction. Perhaps the most serious was the need to overhaul the incentive systems. For years the Soviet efficiency experts had been calling for the widespread introduction of so-called "technically based norms."<sup>5</sup> In essence these technically based norms were those which Soviet time-study and efficiency engineers would like to have introduced if given a free hand. Years of exhortation and urging from the top, however, had not produced noticeable results.

The old norms were so low that base pay made up only 50 to 55% of the total earnings of steel workers, making incentive yields of 100%—very high compared to American practice. The job distribution and classification handbooks were generally believed to be outdated. "The presence of such shortcomings in the organization of pay led to wage leveling."<sup>6</sup>

Soviet leadership decided to sweeten the pill of its much-needed raising of incentive norms by reducing working hours. The introduction of the 7-hour day permitted the government to carry out a thorough-going wage reform which it had been unsuccessfully attempting to carry out for many years.<sup>7</sup>

<sup>4</sup>The decree called for a minimum in industrial firms of from 300 to 350 rubles, but we were told in 1958 that the minimum for the iron and steel industry was 350 rubles a month.

<sup>5</sup> See, for example, S. M. Levin, *et al.*, *Tekhnicheskoe normirovanie, organizatsiia i planirovanie truda*, Moscow, 1950.

<sup>6</sup> Kovarskii, M. S., *Oplata truda na predpriiatiakh chernoi metallurgii*, [Labor Pay in Enterprises of the Iron and Steel Industry,] Moscow, 1958, p. 5. Whether the wage system in 1956 suffered from too much wage leveling or not enough wage differentiation depended apparently on whether or not the person speaking was concerned primarily with general social goals or with problems of industrial production and efficiency. Those responsible for or acting as spokesmen of the steel industry seemed to think that the reform called for less leveling, whereas those writing in for a wider public apparently felt that the featured wage reforms called for more equal distribution of income (e.g. *Sots. Trud*, 1960, No. 2, p. 23).

<sup>7</sup> As Kovarskii put the matter, "In accordance with the directives of the Twentieth Party Congress the workers, managers and technical personnel of the iron ore, the iron and steel and the coke chemical enterprises were put on the reduced working day in 1957. At the same time work on the reform of the wage system was undertaken." (*Op. cit.*, p. 5.) This discussion of the aims of the 1957 reform is based, where not otherwise indicated, on Kovarskii.

## THE 1957 WAGE REFORM

The 1957 reform called for the introduction in the iron and steel and iron ore industry of only four different wage scales (or ladders) with a total of fifty different wage grades (or rungs on the ladders) in the place of a total of 25 different wage scales and 256 wage grades. The new wage rates were to increase on the average by 49.8%, and their share in total earnings was to reach 80%. The new wage scales applicable to integrated steel plants are shown in Table 3. Note that they are anchored on the legal minimum wage of 350 rubles per month for elevator operators and range up to over 1600 rubles for production workers in grade 10.

The new simplified pay scales were clear enough, but in practice each plant had to make up its mind in classifying jobs as to whether they were "heavy," "hot," "dangerous," etc. So along with the new wage scales, the iron and steel plants were provided with new classification manuals. Like wage and job classification handbooks everywhere, those in use in the iron and steel industry attempt to list as many of the jobs, and particularly in the basic production shops, as possible, defining the knowledge and skill required for each classification. The older manuals had given a range of one, two or three classifications or wage rates into which a given job could be classified, but the new manuals allow for only one rate. Nevertheless, the directions indicate that there is quite a bit of leeway for each individual enterprise in the job classification process.

Once a job has been classified and assigned to a pay grade that grade is the basis for the hourly pay of non-incentive workers and the guide line for setting the work norms of incentive workers. The output norms should be set so that the incentive earnings would not normally fall below the indicated hourly rate, but they are not guaranteed minima. If the worker produces less than his norm he receives proportionally less pay. This obviously increases the range of earnings, and spreads out the wage structure on the down side. If, however, the failure to meet production norms is not the fault of the worker, he receives a guarantee of two-thirds his base rate.

The criteria for the new systems of piece work premia are determined variously depending on the relationship between the worker concerned and the basic production of the plant. Those productive workers assigned directly to basic production equipment, such as blast and open hearth furnaces, get a bonus of 10, 15, or 20% for

TABLE 3  
1960 Wage Scales in Soviet Iron and Steel and Coke Plants

Pay Grade	I	II	III	IV	V	VI	VII	VIII	IX	X
<b>A. Production Workers</b>										
1) Monthly pay rate in Rubles.....	512	579	655	742	842	957	1091	1244	1423	1638
2) Daily Rate in Rubles & Kopecs .	20.00	22.60	25.60	29.00	32.90	37.40	42.60	48.60	55.60	64.00
3) Ratio, Grade I = 1.00.....	1.00	1.13	1.28	1.45	1.65	1.87	2.13	2.43	2.78	3.20
<b>B. Auxiliary And Repair Workers</b>										
1) Monthly Pay Rate in Rubles.....	451	517	594	684	796	929	1080	1262		
2) Daily Rate in Rubles & Kopecks	17.60	20.20	23.20	26.70	31.10	36.30	42.20	49.30		
3) Ratio, Grade I = 1.00.....	1.00	1.15	1.32	1.52	1.76	2.06	2.40	2.80		
<b>C. Clerical Workers (Base salary in rubles per month)</b>										
1) Senior Accountant, Supply Officer, Legal Consultant, Senior Inspector, Warehouseman .....									800	- 1050
2) Bookkeeper, Supply Clerk, Chief Archivist, Chief Cashier.....									650	- 850
3) Senior Typist, Senior Bookkeeper, Senior Statistician, Stenographer, Pay Clerk, Time Study Man.....									550	- 700
4) Accounting Clerk, Statistical Clerk, Typist, Photographer, Storekeeper.....									500	- 650
5) Press Operator, Copyist, Expeditor, Timekeeper.....									450	- 600
6) Telephone Operator.....									450	- 550
<b>D. Service Personnel</b>										
1) Yardkeeper, Janitor, Driver, Cloakroom Attendent, Bath Attendent.....									400	- 450
2) Elevator Operator, Doorkeeper, Errand Boy.....									350	- 400

Source: Kovarskii, *op. cit.*, pp. 18, 59-60. Daily rate is for the 7-hour day. Monthly rates were obtained for Groups A and B by multiplying the daily rate by 25.6, the average number of working days in a month (see Kovarskii, page 84).

fulfilling their monthly production plan, and for each per cent over plan they receive an additional 1, 1½, or 2% monthly bonus. The highest premia are reserved for the leading workers directly responsible for the performance of the basic equipment. In the blast furnace department, for example, the 20% monthly premia and the 2% for each percentage of over-fulfillment is reserved exclusively for workers directly serving the front side and the top of the blast furnace, the cowpers stoves, and the scale car. Workers concerned with preparing the mix, transporting the hot metal and the slag, the tapping of the furnace, the casting bay, bunkers and slag granulation get 15% and 1.5%. The remaining workers are in the 10% bracket. The plant director, with the approval of the trade union factory committee, has the responsibility of determining which premium group a given job falls into.

For purposes of premia the product must meet quality specifications, and be included in the production plan. The premium of each worker is associated with the equipment for which he is responsible. If, for example, a worker services the entire equipment of the shop, then his premia is keyed to the performance of the shop as a whole. Shift workers are paid in accordance with the results of their particular shift.

If it is found necessary to pay bonuses for quality performance, that can be done up to the 20% limit. Total premia paid for cost savings for material, fuel and electricity cannot exceed 40% of the total economies resulting. Repair personnel can receive premia up to 20% of their basic pay measured by the performance of the equipment they are taking care of. They can receive in addition up to another 20% for fulfilling the repairs in less time than called for.

Progressive piecework can be used in limited cases to pay workers in basic production shops where it is not possible to measure performance in accordance with pre-planned tasks. In such cases the piece rate rises with output.

Time workers can be given a premium of up to 25% of their base pay.

Workers' premia are determined by the shop superintendent or by the director of the enterprise with the advice of the foreman. The shop superintendent or the plant superintendent has the right to lower the premia for particular workers or to cut them out altogether for failure to follow instructions or other unsatisfactory work. Two

weeks' notice must be posted or given if a premium or piece rate is to be changed.

Geographical wage differentials are paid as a percentage of all actual earnings and are designed to attract workers to the less hospitable areas. For the iron and steel industry there are four zones: for South and Center, 1.0; for the Urals and Siberia, 1.15; for the Far East, 1.3; and for the Far North, 1.5.

The wage reform of 1957 also included managerial and higher technical personnel. In order to avoid salary leveling, the plants in the iron and steel industry are divided into four groups, plants producing over 1,200,000,000 rubles annual production in group 1, from 500,000,000 to 1,200,000,000 in group 2, from 100,000,000 to 500,000,000 in group 3, and under 100,000,000 in group 4. The new monthly pay scales for plant management for group 1 are shown in Table No. 4. Placement within the limits indicated in the table are

TABLE 4  
1960 Base Salary Grades For Supervisory And Senior Technical Personnel  
In The Largest Iron And Steel Plants (in Rubles per Month)

Plant Management		
Plant Director (General Superintendent).....	3500	- 4000
Chief Engineer (Production) .....	3200	- 3700
Vice Director, Ass't Chief Engineer, Chief Engineer (Repair), Supts. of Major Production Divisions, etc .....	2500	- 3000
Chief of Planning, Industrial Engineering, Supply and Sales .....	1900	- 2200
Chief Safety Engineer, Senior Expeditor.....	1600	- 1900
Office and Bureau Chiefs.....	1300	- 1500
Chief Engineer (Construction), Chief Economist.....	1100	- 1350
Engineer, Economist.....	1000	- 1200
Technician .....	750	- 900
Production		
Shop Supervision		
(Blast Furnace, Open Hearth, etc.)		
Shop Superintendent.....	2500	- 3000
Assistant Shop Superintendent.....	2000	- 2400
Shift Superintendents, Shop Industrial Engineer, Senior Foreman .....	1800	- 2100
Shift Foremen, Chief Electrician, Chief Engineer.....	1700	- 1900
Production Foreman.....	1600	- 1800
Shift Dispatcher .....	1100	- 1300
Senior Section Foreman, Quality Control Foreman.....	1200	- 1500
Section Foreman.....	1100	- 1300
Senior Roll Designer.....	1800	- 2200
Roll Designer, Office Manager.....	1300	- 1600
Chief Engineer, Construction Chief, Senior Norm Setter..	1100	- 1350
Engineer, Norm Setter, Economist.....	1100	- 1200
Technician .....	750	- 900

Source: Kovarskii, *op. cit.*, pp. 53-59. The plants to which this applies are Kuznetsk, Magnitogorsk, Novo Tagil, Cheliabinsk, Dzerzhinsk, Makeevka, Zaporozhstal Azovstal', and Alchevsk.

to be determined in accordance with the individual's education, qualifications, and experience.

Premia for management and technical personnel are paid on essentially the same basis as other personnel. The premia, however, are generally higher than those received by workers, going up to 80 per cent of base pay. The new post-1957 wrinkle is that managerial bonuses are to be paid only if the monthly cost plan is met. For supervisors in units that do not have a monthly cost plan, plant management can determine other indexes of quality performance, such as total expenditure of labor, total wage bills, material, fuel and energy saving per unit of output, etc.

The head of the Sovnarkhoz (the Economic Region), the chief industrial branch within the Sovnarkhoz, and the plant directors have the right either completely or partially to eliminate premia for managerial and technical people who fail to live up to technological instructions or other performance standards.

Clerical personnel are given premia on the basis of the production and cost performance of the units for which they work, but their maximum is less than that of the engineering and managerial personnel, varying from 20 to 30%.

The new seniority or service pay for all employees is received only once a year on the 31st of December, and is figured without allowing for geographical wage supplements. It increases from 5% of base pay with 2-3 years' service up to 24% for over fifteen years' seniority.

For work performed between 10 p.m. and 6 a.m., the worker gets a night-shift differential, which in the case of the shift worker on a 7-hour working day amounts to 8/7 of his regular day time rate. In order to minimize abuses, the wage reform put tight restrictions on the payment of overtime. When authorized, he receives from 50 to 75% above the normal wage rate for overtime. If the worker has to work on one of six national holidays, he is paid double time. During his annual vacation period, the Soviet steel worker is paid according to a complicated formula, whose intent is to give him his normal earnings while on vacation.

The Soviets seem pleased with the results of the wage reform, which was carried out primarily in the last quarter of 1957. Outdated norms were recalculated and performance standards raised. The amount of progressive piece work was cut down to a minimum and in its place the dominant form of wage payment became the produc-

tion premium method. The share of base rates in total earnings of hourly workers in the iron and steel industry (including ore and coke) was increased on the average from 56.4 to 77.4%. In spite of the reduction from eight to seven hours in the working day, the output per worker in the iron and steel industry reportedly increased from the first quarter of 1957 to the first quarter of 1958 by 3.2%, and the average earnings of hourly paid workers increased by 12.2% in the same period.<sup>8</sup>

We have indicated the leveling impact that the minimum wage law of late 1956 had on the steel wage structure. By basing itself on the new minimum and raising all rates above it, the late 1957 wage reform restored at least part of the spread in wage rate scales existing before the minimum wage decree. We are not, however, in a position to determine whether or not the wage reform restored wage rate scale differentials to the spread existing in early 1956, because several slightly different scales were in use at that time.<sup>9</sup>

Nor can we be sure of the effect the 1957 reform had on the earnings structure until more data are published. Nevertheless, we present in Table No. 5 some earnings data for ten Soviet iron and steel plants that are particularly significant in the light of our subsequent comparisons of wages in Soviet and Western plants. These ten plants together turned out 72% of the pig iron and 63% of the steel produced in the Soviet Union. The wage reform was completed in all of them during the last quarter of 1957 or the first quarter of 1958. The ratios in Table No. 5 compare the highest earnings to the average earnings of the blast furnace and open hearth departments before and after reform. In twelve cases wage differentials increased, in six cases they decreased and in two cases they stayed the same.<sup>10</sup>

<sup>8</sup> Gorshunov, M. D., *Iz opyta perekhoda predpriatii na sokrashchennyi rabochii den'* [Experience in the Changeover of Enterprises to the Shorter Working Day], Moscow, 1959, pp. 46-66.

<sup>9</sup> In the case of two integrated iron and steel plants in the Ukraine the wage scale range for production workers in the main shops was reduced from 1.00-3.38 in early 1956 to 1.00-3.20 in 1958. See *Sots. Trud*, 1958, No. 4, p. 118.

<sup>10</sup> The speaker was a member of an American delegation which visited the Soviet iron and steel industry in May and June 1958 shortly after completion of the wage reform. We visited a number of plants, including five of the ten listed in the fifth table. We picked up a variety of wage and earnings reports, many of them in conversations with individual Soviet workers and managers in their places of work. A sample of these observations was presented in the delegation's report. All of our on-the-spot observations were compatible with the published data which are the basis for the present paper. See *Steel in the Soviet Union*, published for the Delegation by American Iron and Steel Institute, New York, 1959. Pages 285-376 deal with management-labor relations, and pp. 291-295 with earnings.

## COMPARISONS WITH WESTERN STEEL PLANTS

As part of a study of comparative productivity I obtained detailed manning and wage rate data from some modern integrated steel plants in Western Europe and the United States. Unfortunately I have not yet found equally complete data for any Soviet plants since the 1957 wage reform. I have had to rely, therefore, on Soviet data published in 1956 in making the comparisons shown in Tables 6 and 7. Fortunately for our purposes, the comparisons of Table 5 do not

TABLE 5  
Average Monthly Earnings Of Highest Paid Workers Compared  
To Average Earnings In Ten Blast Furnace And Open Hearth Shops

	Blast Furnace Departments				Open Hearth Departments			
	1957	Ratio	1958	Ratio	1957	Ratio	1958	Ratio
1) Magnitogorsk	$\frac{2291}{1518}$	1.51	$\frac{2608}{1690}$	1.54	$\frac{2282}{1445}$	1.58	$\frac{2459}{1665}$	1.48
2) Kuznetsk	$\frac{2084}{1346}$	1.55	$\frac{2445}{1556}$	1.57	$\frac{2332}{1494}$	1.56	$\frac{2513}{1630}$	1.54
3) Nizhni-Tagil	$\frac{1912}{1217}$	1.57	$\frac{2541}{1515}$	1.68	$\frac{2235}{1354}$	1.65	$\frac{2603}{1596}$	1.63
4) Cheliabinsk	$\frac{1887}{1315}$	1.43	$\frac{2597}{1625}$	1.60	$\frac{1763}{1418}$	1.24	$\frac{2649}{1793}$	1.48
5) Zaporozhstal'	$\frac{1949}{1246}$	1.56	$\frac{2256}{1529}$	1.48	$\frac{1965}{1294}$	1.52	$\frac{2460}{1614}$	1.52
6) Dzershinsk	$\frac{1724}{1058}$	1.63	$\frac{2117}{1294}$	1.64	$\frac{1743}{1158}$	1.51	$\frac{2225}{1410}$	1.58
7) Krivoi Rog	$\frac{1731}{1132}$	1.53	$\frac{2037}{1439}$	1.42	—	—	—	—
8) Makeevka	$\frac{1806}{1309}$	1.38	$\frac{2142}{1309}$	1.64	$\frac{1827}{1305}$	1.40	$\frac{2145}{1421}$	1.51
9) Azovstal'	$\frac{1664}{1316}$	1.26	$\frac{2194}{1402}$	1.56	$\frac{1775}{1199}$	1.48	$\frac{2247}{1413}$	1.59
10) Alchevsk	$\frac{1452}{1096}$	1.32	$\frac{1860}{1277}$	1.46	$\frac{1676}{1208}$	1.39	$\frac{2005}{1451}$	1.38

Source: I. A. Primak, "Blast Furnace and Open Hearth Shops Under the Seven-Hour Day," *Sov. Trud*, 1959, No. 6, pp. 70-71.

For blast furnaces the numerator is the average monthly earnings in rubles of Keepers and for open hearths it is of the First Helpers. The denominators are the average earnings of all hourly paid workers in the corresponding shops.

indicate any notable change in the wage structure of Soviet blast furnace and open hearth departments as a consequence of the wage reform. We have, therefore, made some comparisons with Western open hearth and blast furnace departments in hopes that they are not only valid for 1956, but also indicative of the current situation in Soviet steel wage structures.

I have very carefully defined the operations covered in each department shown on Table 6 to be sure that in every case they are comparable.\*

By restricting the coverage to a limited number of operations and to basic wage rates rather than earnings we cut down sharply the range of Soviet wages from more than tenfold (in Table 1) to less than threefold (in Table 6). Nevertheless, the range of Soviet wage rates is by far the greatest of the five countries considered in Table 6.

This change of coverage has not noticeably cut down the Soviet quartile ratios, which are about the same for the Soviet production workers in Tables 1 and 6. And the inequality indicated by the quartile ratios is much greater for the Soviet than the Western plants.

The Soviet wage structure is most unequal, and as we glance to the right along Table 6 the inequality diminishes. The range of Soviet wage rates is almost twice that of the American plant in each department. Likewise the distance from the first to the third quartile is distinctly greater in the Soviet case.

If the American wage structure is clearly compressed standing

- \*A. The blast furnace operations include the following:
1. On the backside the unloading of the charge materials into the bunkers on the highline, weighing, loading, and operation of the skips into the furnace top.
  2. All frontside operations, including tapping and removal of slag.
  3. Blowing, blast heating, dust cleaning and removal (but excluding the pig machine and ladle house).
- B. Open hearth operations include:
1. Material handling, and preparation and unloading of the charge boxes previous to the charging floor.
  2. Furnace charging and all operations carried out on the furnace floor (but excluding hot metal mixers).
  3. All tapping and pouring into ingots, slag removal and other operations on the pitside.
  4. Ingot stripping.
  5. All crane operations in the department as defined above, but excluding railroad transport (to be considered separately).
- C. The repair category covers all regularly assigned mechanical and electrical repair and maintenance crews in both blast furnace and open hearth departments, including ladle and stopper repair, and preparation of ingot molds, but excluding the mason department for furnace rebuilds and furnace repair.

TABLE 6

Comparative Frequency Distributions Of Hourly Paid Blast Furnace And Open Hearth Workers At Basic Wage Rates  
(Lowest Paid Blast Furnace or Open Hearth Worker in Each Plant—1.00)

Soviet				American				German				Dutch				Italian			
Wage Relative	Blast Furnace %	Open Hearth %	Repair %																
1.00	—	—	2.5	1.00	—	38.1	—	1.00	14.1	—	—	1.00	22.8	—	3.2	1.00	3.6	2.0	—
1.18	3.6	—	19.2	1.03	5.8	1.1	0.5	1.017	—	14.8	—	1.06	38.1	—	16.3	1.02	8.2	4.0	—
1.32	18.9	6.6	19.2	1.07	7.3	—	4.8	1.028	39.4	—	—	1.11	—	37.1	—	1.04	17.3	7.0	—
1.46	17.2	22.5	30.8	1.10	—	1.1	9.6	1.050	—	13.4	7.1	1.14	24.2	—	25.6	1.06	12.7	—	—
1.64	14.8	10.7	15.7	1.14	23.2	12.2	28.9	1.067	11.3	—	8.0	1.17	—	26.3	—	1.08	7.3	25.7	8.9
1.85	16.6	16.4	11.1	1.17	11.6	1.1	4.3	1.089	—	15.7	9.7	1.19	7.4	—	25.6	1.10	26.4	27.0	11.1
2.13	14.2	16.8	0.1	1.21	—	8.6	11.2	1.107	12.7	—	1.8	1.26	—	17.2	19.2	1.12	—	0.3	2.2
2.38	9.5	13.1	1.0	1.24	17.4	—	2.7	1.128	—	24.1	3.5	1.30	—	2.2	—	1.15	13.6	2.7	—
2.48	5.3	9.0	—	1.27	11.6	2.2	6.4	1.150	11.3	—	22.1	1.34	7.4	—	5.1	1.17	3.6	—	41.5
2.79	—	4.9	—	1.31	—	—	1.6	1.170	—	5.6	28.3	1.41	—	10.8	3.2	1.20	6.4	2.7	5.2
Total	100	100	100	1.34	—	—	—	1.240	5.6	—	8.0	1.46	—	—	1.9	1.22	0.9	9.3	25.2
				1.38	—	3.3	—	1.267	—	17.1	11.5	1.54	—	6.5	—	1.25	—	11.0	—
				1.41	23.2	2.2	30.0	1.330	—	—	—	Total	100	100	100	1.28	—	—	5.9
				1.44	—	10.0	—	1.357	—	1.9	—	1.42	—	—	—	1.42	—	8.3	—
				1.48	—	10.0	—	1.417	5.6	—	—	Total	100	100	100				
				1.79	—	10.0	—	1.440	—	7.4	—								
				Total	100	100	100	Total	100	100	100								
Range	1.18–	1.32–	1.00–	Range	1.03–	1.00–	1.03–	Range	1.00–	1.02–	1.05–	Range	1.00–	1.11–	1.00–	Range	1.00–	1.00–	1.08–
Med.	1.64	1.85	1.46	Med.	1.41	1.79	1.41	Med.	1.42	1.44	1.27	Med.	1.34	1.54	1.46	Med.	1.22	1.42	1.28
Q1	1.46	1.46	1.32	Q1	1.21	1.14	1.21	Q1	1.03	1.11	1.15	Q1	1.06	1.17	1.19	Q1	1.09	1.10	1.17
Q3	2.13	2.38	1.64	Q3	1.14	1.00	1.14	Q3	1.03	1.03	1.11	Q3	1.06	1.11	1.13	Q3	1.04	1.08	1.17
Q1/Q3 %	68.5	61.3	80.5	Q1/Q3	1.27	1.44	1.44	Q1/Q3	1.11	1.24	1.17	Q1/Q3	1.14	1.26	1.26	Q1/Q3	1.10	1.22	1.22
				Q1/Q3	89.8	69.4	77.2	Q1/Q3	92.8	83.1	94.9	Q1/Q3	93.0	88.1	89.7	Q1/Q3	94.5	88.5	95.9

Sources: Soviet data from I. A. Primak, B. Ia. Riabin'kii and I. E. Moshkevich, *Organizatsiia metallurgicheskogo proizvodstva*, Moscow, 1956, pp. 231-308. American data obtained by applying the 1960 contract wage rates to 1957 manning tables. German, Dutch and Italian data are from 1960 plant records. Where more than one job class was indicated for a given occupation, an average was taken. The Dutch wage rates for some jobs are precise and others overlap the class intervals. Hence the wage intervals in the table are uneven. They represent the average of each category.

alongside its Soviet counterpart, then the German, Dutch and Italian structures seem as flat as pancakes. This observation holds whether one considers the range or the quartile ratios or simply glances at the frequency distributions. The quartile ratios ( $Q_1/Q_3$  in %) climb into the high eighties and nineties, reaching 96% in the category of repair workers in the Italian plant. The contrast between the Soviet plant at one end and the Italian plant at the other seems remarkable.

The structure of tasks to be performed and the jobs of the men doing the work in these five plants are quite similar, but the frequency distributions show markedly diverse wage rate structures. This leads one to conclude that the divergence in wage structures is primarily due to differences in skill premia.

This is demonstrated in Table 7 where I have compared wage rates for thirteen clerally defined jobs in those five blast furnace and open hearth departments. The same pattern emerges with remarkable consistency (ignoring the British case for a moment). In all seven production jobs the wage differential is greatest for the Soviet plant, and in five of the seven jobs the American plant is second in its degree of wage spread. The skill differences in the German, Dutch and Italian plants are consistent and relatively small.

In all five countries the highest paid production job is the first helper on the open hearth, and the other jobs generally follow the

TABLE 7  
Comparative Job Differentials  
(Lowest Paid Blast Furnace and Open Hearth Job in each Plant = 1.00)

Production	USSR	USA	German	Dutch	Italian	British
1st Helper, Open Hearth	2.64	1.79	1.44	1.55	1.42	2.82
Keeper, Blast Furnace	2.43	1.41	1.33	1.30	1.20	2.50
Charging Machine Operator	2.43	1.48	1.27	1.26	1.22	2.20
1st Pourer, Open Hearth	2.26	1.48	1.27	1.15	1.25	1.79
Operator, 125-ton Crane	1.64	1.38	1.17	1.20	1.22	2.19
Operator, 10-ton Crane	1.64	1.14	1.13	1.19	1.10	1.87
Stocker, Open Hearth	1.46	1.07	1.05	1.15	1.08	1.79
Repair and Maintenance						
Stopper Maker	1.75	1.10	1.09	1.15	1.10	n.a.
Maintenance Fitter, First Class, Open Hearth	1.64	1.41	1.27	1.24	1.22	1.72
Maintenance Electrician, First Class	1.64	1.41	1.24	1.30	1.22	1.89
Electric Welder	1.32	1.41	1.13	1.24	1.22	n.a.
Greaser, Open Hearth	1.25	1.14	1.09	1.03	1.10	n.a.
Bricklayer Helper	1.00	1.03	1.07	1.12	1.08	1.55

Sources: Same as Table 6. Where a job is paid at more than one rate, an average is taken.

same descending order on this occupational ladder down to Open Hearth Stocker. This similarity in pay ranking of the seven production jobs in the six countries, including Britain, reflects the fact that internationally similar technology dictates similar content for the jobs associated with that technology.

The less differentiated and distinct structures within the group of repair and maintenance jobs reflects diverse job practice. Plant management has wide leeway in organizing and carrying out repair and maintenance functions on equipment that may be technologically identical. Among repair and maintenance categories Stopper Maker is distinctly out of line. This may be because in Soviet plants he is considered a production worker, and Soviet production workers are better paid than maintenance workers, as can be seen from Table 6. The Stopper Maker is also considered a production worker in the American plant, but in American plants production workers do not enjoy a pay advantage. Nevertheless, the wage spread between skilled and unskilled maintenance workers follows the pattern we have established, with the Soviet spread greatest, followed by the Americans and then the Western Europeans.

For one group of hourly paid workers in Soviet iron and steel plants we do have systematic post-1957 occupational wage data.<sup>11</sup> These are the workers in intra-works transport. If we compare a high and low paid job in this department, we find the following wage rate relationship for the year 1960:

<i>Job</i>	<i>USSR</i>	<i>USA</i>	<i>German</i>	<i>Italian</i>	
Operator, Switch Engine .....	2.16	1.29	1.10	1.16	1.06
Track Maintenance Laborer	1.00	1.00	1.00	1.00	1.00

These observations confirm the pattern we have found in all other comparisons.

The British are a special case. The writer did not obtain complete wage rate information for the two departments in the British plants he visited, so they have not been included in Table 6. Nor are the British job differentials in Table 7 really comparable, because they represent average weekly earnings rather than wage rates. In the British case there is little systematic relationship between base rates and earnings. The bonus of the First Helper on the open hearth, for example, is some five times what we would consider his base

<sup>11</sup> See the tables in Kovarskii, *op. cit.*, pp. 20-23.

wage rate. This is because their piece rates were determined in 1928 and have not been changed since. Consequently, the only meaningful comparisons are of earnings, and the spread in British earnings is quite large. The highest paid open hearth production worker in the British plant is not the First Melter but the Sample Passer, whose average weekly earnings are four times those of the Day Laborer.<sup>12</sup>

The incentive earnings in the American plant averaged about one quarter above the base rates indicated in the Table. The German plant paid no incentive earnings. It has no job evaluation scheme, but it has a carefully worked out classification scheme starting out on the basis of eight proportional pay grades, which are determined by nationwide bargaining for the entire North-Rhine-Westphalia area, with the top grade getting 42% above the bottom grade. To those are added two small local market allowances and then each major shop in the plant has a supplementary scale of its own, all worked out to maintain within each shop the basic proportionately of 1.00 to 1.42.

The Dutch have six pay grades plus a few super grades and a manual for classifying all jobs within those grades.<sup>13</sup> Both grades and manual are essentially uniform for all industries throughout the country. With very few exceptions the pay grade range in the blast furnace and open hearth departments is 1.00 to 1.54. Practically all of the Dutch production and maintenance workers in Table 6 are on one of three types of group incentive systems. Type one is a collective incentive for open hearth production workers, based on furnace production time, and averaging 27% of base pay. Open hearth repair and maintenance personnel receive a collective type bonus based on the bonus of the corresponding production crew, and it averages 23% of base.

Even though there are 24 distinct pay grades in the Italian plant, its pay structure that emerges from Tables 6 and 7 is the flattest of all. As in the other countries, the base rates for the Italian pay grades exclude extras for night work, overtime, etc. The Italian

<sup>12</sup> For a pioneering study of a British case see S. W. Ostay, H. J. D. Cole and K. G. J. C. Knowles, "Wage Differentials in a Large Steel Firm," *Bulletin of the Oxford Institute of Statistics*, August 1958, pp. 217-264.

<sup>13</sup> For two excellent analyses of Dutch wage systems see John P. Windmuller, "Postwar Wage Determination in the Netherlands," *The Annals of the American Academy of Political and Social Science*, March 1957, pp. 109-122; and B. Haas, "Wage Policy in Holland," *The Manchester School of Economic and Social Studies*, May 1960, pp. 177-205.

plant, however, includes two unique items in its pay packets, which are not proportional to base pay, and which if included would further flatten its wage structure. Each worker gets a fixed cost of living allowance and a family allowance geared to the number of his dependents. If those were to be included in the base pay of each worker in Table 6, the wage rate range would be cut from 1.00-1.42 down to 1.00-1.28.

The Italian case turned out to be full of surprises, particularly to me, because I had been naive enough to associate wage differentiation with efficiency. The Italian plant turned out to have the highest output per man of any iron and steel plant I had ever heard about, outside of the United States. Its production and especially its maintenance crews per furnace were so small compared to other European and Soviet plants as to be in a class by themselves. The second surprise was that the Italian plant had adopted the American system of job description and classification, and found it works so well that the system is currently being extended to several other Italian iron and steel plants.

In setting up the job evaluation system, the Italian plant management delineated two distinct problems. First there was the task of evaluating and classifying all jobs on the principles set out by the American system, and secondly they had to establish wage rates for the job classes which were based on and in proportion to wage levels determined by the local Italian labor market. They therefore decided to set up twenty-four pay grades with a range of 1.00-1.73 instead of the unusually large number of thirty-two grades with a range of 1.00-2.10 in the American system. In order to attract labor and get the support of the trade unions the rates were set well above those called for in the national metalworker contract and above comparable going rates in the local labor market.

Forty per cent of the Italian hourly paid workers are on direct production incentives based on efficiency rather than straight tonnage. Everyone on an efficiency bonus automatically receives a minimum guarantee of 10% above his job class rate and for practical purposes the top he can earn is 35%. In the production shops they usually earn 27 to 32%. Maintenance and other indirect workers, amounting to 54% of the hourly paid force, receive indirect incentives based on the average premium of the unit whose equipment they take care of. Currently it averages 90% of the direct bonus. Only 6% of the hourly paid workers receive no incentives.

High labor productivity by itself is by no means the only measure of economic efficiency, and wage structures and systems are only one of many factors determining high productivity. Nevertheless, certain observations might be of interest. The plants with the highest output per man and the lowest crew size per unit of equipment (the American, Italian and Russian in that order) had the following in common: (a) from 66 to 94% of their hourly paid workers are on incentives, and (b) they employ clearly defined job evaluation systems, designated specifically for the iron and steel industry. In fact, the top two plants had the same job evaluation system. On the other hand, the plant with the lowest labor productivity and the largest crews had a highly differentiated (unequal) wage structure, but no pay grade, classification system, nor a job evaluation program of any kind.

#### REASONS FOR DIVERSITY IN WAGE STRUCTURES

One more problem needs to be considered. Why, given the strong convergence of job structures in the steel industry on account of the relatively uniform technology, do the relative spreads in base rates diverge so much? Why are the occupational differentials so unequal? Why is the wage rate of a Soviet Switch Engine Operator 116% above that of a Track Laborer, whereas that of the American is 29% higher, the Dutch, German and Italian only 16%, 10%, and 6% higher?

The Dutch differentials are the result of applying a uniform, nation-wide, all-industry evaluation system to particular jobs in the steel plant. The relative wage rate differentials between job classes in the German case are determined by a nation-wide agreement between metalworkers and employers, which I am not prepared to analyze. An analogous British case has been examined by the Knowles' team, who conclude that "The complexity of these (occupational wage) structures can be fully understood only in terms of the historical background. . . ." <sup>14</sup>

For the American steel industry wage structure we have the thorough analysis of Jack Stieber. He notes that during the period 1907-1938 there was a substantial narrowing of skill differentials in almost all steel departments in line with the trend noted in many other industries. "Occupational base-rate differentials in the steel industry have been maintained relatively intact since 1947 . . . expedited by a

<sup>14</sup>Ostay, *et al.*, *op. cit.*, pp. 250-251.

variety of factors including the joint union-management job-evaluation system negotiated in 1947, labor market considerations in the early years of the program, the dispersion of steel workers among a wide range of occupations and rates, the framework in which negotiations have been conducted and the deliberate objective of the industry and influential union groups to maintain skill differentials.”<sup>15</sup>

Stieber believes that the greatest influence on the American steel industry wage structure is the joint job-evaluation program introduced in 1947 specifically to eliminate intra-plant wage-rate inequities. Local labor supply conditions had little to do with wage-setting under the plan. In his book (Chapter XIV) he demonstrates the substantial inter-plant uniformity that has been established in job classifications and standard hourly wage rates among basic steel plants in the large and diverse area of continental United States. The next question is why this identical job evaluation system, when applied to a most similar job structure in an Italian iron and steel plant, resulted in such a different wage structure? In the first place there was only one actor in the Italian drama. The Communist and Catholic trade unions joined in giving their stamp of approval, but only after the system had been adapted and installed by plant management. This left the Italian management free to devise a wage rate scale tailored to its own particular labor market situation.

Like steel plants the world over, the Italians hire predominantly in the unskilled labor categories and promote from within. So Italian management set entry rates markedly above the local labor market (characterized by widespread unemployment) and above the metalworkers' national contract, so that it could be highly selective in hiring. Then it set the differentials between job classes just wide enough to encourage workers to compete for the better jobs, and to avoid losing skilled workers to other employers. The result is an Italian steel plant wage structure that is markedly compressed in comparison to its American prototype.

The good judgment of the Italian management has been vindicated by the extraordinarily high productivity and low turnover of its labor force. The annual quit rate for hourly paid workers for the year 1959 was less than 2% (1.6%). This includes workers who failed the trial period, died, resigned, transferred to other plants,

<sup>15</sup> Jack Stieber, "Occupational Wage Differentials in the Basic Steel Industry," *Industrial and Labor Relations Review*, January 1959, p. 181.

were pensioned, or fired for disciplinary violations. The low quit rate is also a reflection of the widespread unemployment.

The other side of the question is why the Soviet skill or job differentials are so large. Here again there is only one "prima donna" on the stage. The Communist Party sees to it that both management and trade unions take basically the same approach toward wage structures. At the risk of over-simplification, it seems to the writer that the unequal Soviet steel wage rate structure is the result of deliberate governmental policy with the following considerations foremost:

In the first place Soviet industry has to operate in a tight labor market. Although the annual quit rate for the Soviet iron and steel industry reportedly fell from 37.3% in 1947 to 20-22% in 1956, it was still relatively high, especially when one remembers that it is about the second highest-paid industry in the country. Soviet steel plant quit rates reported to us in 1958 were several times as high as that in the Italian plant. The Soviets, therefore, must maintain wide occupational differentials to retain their better qualified workers. This in turn may reflect the relatively greater shortage of skilled men than in the West. The Soviet case is similar to that of other newly industrializing countries.

In the second place the Soviets place extraordinary emphasis on education and training, in order to overcome the shortage of skills and raise the productivity of their equipment and personnel. We were told at Magnitogorsk, for example, that 70% of the furnace foremen are graduate engineers. The plant operates eight large trade or technical schools. In addition to these regular schools with a formal curriculum Magnitogorsk has a complete series of in-plant training courses, the passing of which are prerequisites for promotion to a higher labor grade.

The Soviet government recognizes that such training costs the individual effort and time, and it is willing to reward him by promotion to distinctly higher paying jobs. If, however, promotion were automatic, the individual would have no incentive to take the training. The third element, therefore, is that promotion is competitive without regard to seniority. In other words, as a Soviet personnel manager explained to the writer, the big wage-rate differentials are part and parcel of a tremendous effort to raise the qualifications and performance of workers in the Soviet iron and steel industry.

Hence no single factor explains these international differences in industry wage structure. Rather, they have emerged from the influence of the market and institutional forces, and from concepts of wage engineering, joined together in varying combinations according to the case.

## DISCUSSION

H. M. DOUTY

*Bureau of Labor Statistics  
U. S. Department of Labor*

A basic obstacle to the close analysis of the structure of wages in the Soviet Union is the absence of any substantial body of published data on the distribution of earned rates of pay by occupation, industry, method of wage payment, location, and other characteristics.<sup>1</sup> One may express the hope that in this sphere of activity, the planners of the USSR will make a vigorous effort to reach and surpass our own modest achievements.

Valuable insight into Russian wage developments is provided by the two papers we have just heard. Professor Galenson has given us a general view of the background and nature of the wage reform now in progress. Professor Clark's paper contains useful comparative data on wage structures in the basic steel industry in the Soviet Union and in selected countries in the West. I should like to comment briefly on certain aspects of the material that these papers contain.

1. The objectives of wage policy in the Soviet Union are surely familiar. Professor Galenson states that, in the Soviet view, the major functions of wages are to provide (1) strong incentives for better and harder work, and (2) a mechanism for allocating the labor supply. He warns us that the wage reform does not represent an approach to market determination of wages, and that the newly adopted rates and scales reflect the preferences of the planners. This is undoubtedly true; and yet obliquely the preferences of the planners, if the labor market is relatively free, must be strongly influenced by underlying conditions in the market, including the job, locational, and other preferences of the workers.

If the central planners in a collectivist economy, given mobility in the labor market, miscalculate the wage rates necessary to secure an appropriate allocation of labor among occupations, industries, and areas, then the rate structure must be revised. This can be done by the central planning authority; or it may be done through wage administration by the managers of enterprises who are faced with labor shortages. One most interesting question is how much discre-

<sup>1</sup> The major published compilations of Soviet earnings statistics relate to 1928 and 1934 and were analyzed in Abram Bergson, *The Structure of Soviet Wages* (Cambridge, Mass.: Harvard University Press, 1944).

tion plant managers can exercise. The Soviet wage inflation of the 1930's, which was related to overfull employment planning, was accompanied by widespread upgrading, illegitimate use of bonuses, and other devices.<sup>2</sup>

2. It is not clear why Professor Galenson believes that the wage system as a mechanism for a socially desirable distribution of income is less of a problem in the Soviet Union than in the West. It seems likely, indeed, that neither in the West nor in the Soviet Union can the wage system *per se* be used as the major instrument to achieve *social* objectives in income distribution. The limits within which a wage system can be manipulated (e.g., through minimum wage legislation) without sacrifice of economic efficiency is comparatively narrow. Social objectives in income distribution (e.g., a more egalitarian distribution) must be sought in other ways.

3. The absence of detailed Soviet wage statistics precludes any general analysis of the relative dispersion of earned rates of pay in the USSR as compared with the United States. It would be most helpful, for example, to have wage distributions for Russian factory workers similar to the 1958 distributions by major industry group available for the United States.<sup>3</sup> What we do know suggests that the Soviet distributions would show considerably greater relative dispersion, despite the announced policy since 1946, and in the current wage reform, of curtailing differentials.<sup>4</sup> One reason is the much greater use of wage incentives in the Soviet Union. In the United States, the pay of approximately 27 percent of all factory workers is based on piece-rate or bonus systems.<sup>5</sup> The corresponding proportion of Soviet factory workers in 1956 was, as Professor Galenson shows, almost three times as great.

Aside from differences in method of wage payment, a more fundamental factor tending to make for greater wage dispersion in the USSR is found in differences in the stages of economic development, and particularly in differences in labor market conditions.

<sup>2</sup> Franklin D. Holzman, "Soviet Inflationary Pressures, 1928-1957: Causes and Cures." *Quarterly Journal of Economics*, Vol. LXXIV, (May 1960), pp. 167-188.

<sup>3</sup> Bureau of Labor Statistics, U. S. Department of Labor, Bulletin No. 1252, *Factory Workers' Earnings, May 1958* (Washington: Government Printing Office, 1959).

<sup>4</sup> Murray Yanowitch, "Trends in Soviet Occupational Wage Differentials," *Industrial and Labor Relations Review*, Vol. 13 (January 1960), pp. 166-191.

<sup>5</sup> L. Earl Lewis, "Extent of Incentive Pay in Manufacturing," *Monthly Labor Review*, Vol. 83 (May 1960), pp. 460-463.

Even in the American South, the supply of workers at different levels of education and skill, as compared with the rest of the country, makes for a pattern of substantially wider differentials. One would suppose that in the Soviet Union, as compared with the United States, the configuration of the labor supply would have the same effect.

4. Professor Clark has provided us (table 1) with an actual distribution of monthly earnings for employees working a full month at a major Soviet iron and steel plant in 1956. For all hourly paid workers, he computes the quartile ratio at 66.2 percent. It seems probable that a similar distribution for the entire Soviet steel industry, that took account of labor turnover, regional differentials, and other factors, would show a somewhat lower ratio (i.e., greater dispersion). A distribution of all plant workers by straight-time hourly earnings in the United States steel industry in 1951 yields a quartile ratio of 78.2 percent.<sup>6</sup> A similar computation for 1958 for the primary metal industries, a somewhat broader industry grouping of which, however, basic steel is the major component, shows a quartile ratio of 75 percent.<sup>7</sup>

The quartile ratios, of course, relate to the central half of the frequency distributions. A measure taking account of all of the values of the frequency distributions might show different results. I computed coefficients of variation for the earnings distribution for production workers in the Soviet steel plant and for the 1951 distribution for the entire industry in the United States. On this basis, the dispersion of earnings again was substantially greater in the Soviet plant, the coefficients being 0.308 for the Soviet distribution and 0.215 for the United States.

Professor Clark also sets forth (table 3) the current basic wage scales in the Soviet steel industry. For production workers, the scale in 1960 consisted of 10 rates, with a ratio of 1:3 between the lowest and the highest rates. For the United States Steel Corporation as of December 1, 1960, the corresponding ratio between the rates in the lowest and the highest labor grades, in a 31-grade structure, was only 1:2.<sup>8</sup> Moreover, the difference in wage scale ratios is greater than this comparison indicates, for in the Soviet steel industry the

<sup>6</sup> Computed from Bureau of Labor Statistics, U. S. Department of Labor, *Wage Structure: Basic Iron and Steel, January 1951*, table 3.

<sup>7</sup> Computed from BLS Bulletin No. 1252, previously cited, table 7.

<sup>8</sup> "Wage Chronology No. 3: United States Steel Corporation," Supplement No. 8, *Monthly Labor Review*, Vol. 83 (October 1960), pp. 1071-1077.

definition of production workers excludes service personnel, such as janitors. Such workers are slotted into the first labor grade in the U. S. steel industry. Soviet rates for janitors and other service workers, however, are below the rate for the lowest class of production workers. More nearly comparable basic scale ratios, therefore, would be 1:2 for the United States and 1:3.5 for the Soviet Union.

Other data developed by Professor Clark show that the steel wage structure in the United States and in selected European countries is considerably more compressed than in the Soviet Union. Insofar as wage structure is concerned, the West clearly is farther along the egalitarian road than the USSR. This is not particularly a manifestation of virtue; certainly in considerable measure it reflects the compulsions of wage formation under different sets of **labor market** conditions.

5. Given mobility in the labor market, the problems of wage determination in a collectivist economy appear both fascinating and staggering. The subject has great theoretical and practical interest. It is to be hoped that students in the West will be able to explore this area intensively in the years ahead. There is a great range of problems on which we need greater insight. These papers whet our appetites for more.

EMILY CLARK BROWN  
*Vassar College*

These two papers supplement each other admirably and together give a valuable addition to our knowledge of the operation of Soviet industry. Professor Galenson has analyzed comprehensively the difficulties and irrationalities that had developed in the Soviet wage structure in the years since the last general revision in the 1930's and that led to the current reform. I question, however, his emphasis of the freeing of the labor market in the early 1950's as a major factor leading the Soviet authorities to undertake this ambitious program. He reports that the inability of workers to move permitted the separate industries to act as "independent baronies" and individual managements to be "careless about wage structure and practices." But Soviet authorities were seriously concerned over labor turnover even during the supposed job-freeze. Note here Professor Clark's evidence on the high rate of turnover in the steel industry

in 1947 as well as in 1956. One of the reasons for the wage anomalies that developed was that ministries seeking to attract and hold workers tended to set their own special geographic supplements to wages. Individual managements, also, faced difficulties because of the freeze in basic wage rates, and they sought devices that would permit them to pay workers enough to hold them and keep them sufficiently satisfied. Accordingly they set low production standards and established fictitious incentive systems which increased earnings. Thus there developed irrational differentials in earnings and lack of the clear relationship between output and earnings which was needed for the most effective incentives.

The principle is not new in Soviet thinking that wages are an important lever for the desired distribution of the labor force between branches of industry and geographic areas. Leading authorities in 1949 and 1951 emphasized how the government had used differentials in wages and other conditions to attract workers to areas and fields where they were especially needed, during the war and earlier. Such authorities held even then that in the main Soviet citizens decided for themselves their place and type of work. In 1955 I was told that wage differentials were the main method of achieving the desired distribution of workers. It can properly be said of the wage reform that "for the first time Soviet authorities have come to grips with the concept of a labor supply function" only in the sense that they have recognized anomalies that were preventing the most effective utilization of wages for allocation, and decided that more centralized planning and control of differentials were essential. It is true that a major aspect of the reform is the attempt to establish more rational geographic and industrial differentials, with due attention to the needs of industries in crucial areas. Soviet writers say, however, that geographic differentials in wages are less needed now, since living and working conditions in the new areas have improved. There is also more attention to the local wage structure, in these areas as in others, to cut down unneeded turnover within the area. The difference in present policy is, I think, not one of principle but one of emphasis upon making the wage structure more rational and therefore more effective than it had been in the past as a means of allocating labor.

Another question of great interest, which is considered by both papers, is that of differentials for skill and effort, involving also questions as to the kind and effectiveness of incentive systems. Both

papers show that there were divided counsels as to whether more or less differentiation was needed. One recognizes here echoes of past disputes over equalization versus differentiation of wages. The increase in minimum wages narrowed differentials in base rates, and official statements and propaganda continue to be firm that the intention is to reduce the spread between wages of the lower paid and the higher paid. On the other hand there are equally firm statements that this does not mean "equalitarianism." Such leveling is held not proper under present circumstances in which there is still need for differentials as an incentive to acquire skills and to efficient effort. We do not have conclusive evidence as to what has actually occurred, although increases in average earnings are fairly well documented, and we have flat statements from Soviet sources that the gap between earnings of the lower paid and the higher paid has become smaller. Accordingly, Professor Galenson's evidence is interesting that the effective range of rates seems to have been widened. Professor Clark's detailed data on the structure of earnings in steel are as fascinating as they are rare, and we can only hope that the Soviets will permit more such data to be published. The 1956 report on one steel plant confirms our general impression of very wide differentials in earnings. It is regrettable that there are not available comparable data after the wage reform. The interesting details from ten blast furnaces and open hearth shops, however, comparing the ratio of the earnings of the highest paid worker to average earnings, show a significant decrease only in two shops, all the others maintaining approximately the same differential or showing an increase. Apparently, despite the rise in minimum rates, differentials for skill have generally been protected, especially by the stated policy of maintaining enough difference between each wage class to give an incentive for the worker to increase his qualifications. Professor Clark gives conclusive evidence of this in steel.

Changes in incentive systems are of great significance in the wage reform and both papers give insight into this aspect. The trend is clearly to reduce somewhat the extent of piece work, as changes in industry make individual incentive systems less generally applicable, although piecework remains still the major form of payment. Bonus systems, both for hourly paid workers and for salaried staffs, have been simplified and, as both papers show, they now operate under general regulations and with more clearly stated criteria of accomplishment as a basis for bonuses. A related development is a

trend towards more use of complex brigades paid on collective bonus systems, which are said to be effective in arousing interest in productivity.

Professor Galenson has shown that tightening of production standards was needed in an effort to get actual earnings into reasonable relationships to the structure of base rates established by the planners. Some of the difficulties in carrying out such revision of production standards are suggested. Research institutes, working with union and management agencies and the State Committee on Labor and Wages, have made some progress in developing standards for machine performance and other elements of production standards. The actual norms, however, have to be established in the plants. The ease or difficulty of putting into operation norms that are reasonable in relation to technology and working conditions depends on many local factors. Among these are the success of the campaigns of propaganda and explanation, the effectiveness of the local union organization and its various commissions, and the extent to which workers themselves get involved in efforts to increase productivity. Norms, as well as the reclassification of jobs and of workers according to the new wage classes, are put into effect only in agreement with the union in the plant.

The enormously complicated process of this nation-wide program of job valuation and revision of the wage system was only suggested in the papers. Not only the research institutes were involved in working out the new wage systems, but also the Regional Economic Councils in areas where certain industries were important, and the Central Committees of the 22 industrial trade unions. Work on the wage system for their industries is one of the major functions of these union Central Committees. At certain stages proposed systems were installed experimentally in a number of plants, and later joint conferences discussed the results in detail. Thus management and union representatives shared in working out the schemes, before they were finally adopted at the highest government levels. Thereafter in the plants management and party and trade union committees were all involved in working out the local application of the system and in seeking the cooperation of the workers. Despite the many glowing accounts of the process and its results in the Soviet press, we do not yet have evidence enough to appraise the extent to which such labor-management cooperation aided the program.

Finally I can only refer to the very illuminating comparisons by

Professor Clark of the wage structure and productivity in steel in a number of countries. He finds an apparent relationship between output per man and the proportion of workers on incentive systems and the presence of clearly defined job evaluation systems. This suggests that the Soviets have been wise in their attempt to improve their wage system in these regards. To the extent that this huge and difficult program has been successfully carried out, it has been facilitated not only, as both papers indicate, by the fact that the changes were associated with a reduction of hours, and, I would add, with the promise that earnings in general would not be decreased but would be increased. In addition it may have been facilitated by the fact that the Soviet trade unions now play an increased role in **industry**. Where they function at all as they are supposed to, they provide a channel of communication both up and down, an in-plant organization for jointly studying and working out solutions to concrete problems, and a method of ensuring that the rights of individuals are protected. To what extent they do actually so operate we cannot be sure. A considerable amount of evidence, nevertheless, indicates that in many cases they play a real and active role in promoting the interests of production along with real services to their members.

**Part IX**  
**REPORTS**

# INDUSTRIAL RELATIONS RESEARCH ASSOCIATION

SPRING BOARD MEETING, MAY 7, 1960

*Detroit, Michigan*

Present: Dunlop, Cushman, Derber, Haber, Haughton, Henle, Hill, Shister, Stagner, Teplow, Weinberg, Woods, Johnson, Tripp.

The first item of business was the report of the Nominating Committee.

In considering the next Nominating Committee, Dunlop suggested that at least one of the members of the present committee should carry over. His preference was to ask Richard Lester to be chairman and Leonard Adams a member of the committee and let them select the other members. It was agreed that Dunlop should appoint Lester and ask Adams to continue; five other members are to be chosen representing labor and management and various sections of the country.

The next item involved the proposed amendment to the by-laws creating the office of Vice-President or President-Elect. Dunlop explained his idea was to let a prospective president have a year's notice of the possibility of his becoming president and time to prepare for it. He suggested three ways of doing this: one to adopt the proposed amendment by the Board and send it out for a referendum, and the new Nominating Committee could select a vice-president for the coming December; or, let the matter ride until the annual meeting to see whether it prevailed at that meeting, in which there would not be a vice-president for next year but for the following; or, send the suggestion to the members on an option basis asking them to express an opinion about it. Stagner suggested sending this question as a referendum with the next ballot in the fall. The consensus was that the idea is sound but should not be rushed. Derber suggested an accompanying statement giving the reasons for such a change. Dunlop agreed to draft an accompanying statement or have Johnson do so to stress these points: That a prospective president is to have the opportunity to know in advance of his prospects so that he can arrange his own affairs to accommodate being president and can have the advantage of a year's service on the Board before becoming president. Weinberg pointed out that what was really being done was to create a president-elect, not simply a vice-president, and so he should

be called that and the phrase "who would normally be elected president" could be stricken. Dunlop proposed adopting the amendment suitably changed to read "president-elect" and that it be distributed with the ballot for the next election in the fall along with a suitable statement of explanation. The motion was seconded and carried. There was discussion about dropping the past president from the Board since he would have served two years already, but it was generally agreed that his presence is valuable to the Board.

The proposed amendment regarding nominations for membership on the Board was discussed, principally in light of the feeling of some members that suggesting two nominations for each office frequently causes embarrassment by placing a candidate in the position of running against a friend. Weinberg suggested going to a complete slate with the opportunity allowed for other nominations. Teplow felt that the membership should be allowed a choice between at least two people, that being nominated is an honor whether elected or not. Stagner reported that the psychologists usually have three or four candidates. Shister thought another reason for leaving the situation as at present is that this is another way of getting a little more interest and attachment to the Association on the part of the membership.

On the question of plans for the 1961 spring meeting, Teplow raised the question of substituting a September meeting every other year; he strongly recommended this, having encountered a great disinclination on the part of members to attend meetings during the holidays. Henle reported that the Board has discussed this before but felt that the one September meeting was very poorly attended. Henle advocated a spring meeting in the south and suggested Gatlinburg, Tennessee, as a possibility. There was general feeling that the only way to assure a good attendance at a spring meeting is to hold it in a city where there is a substantial core of membership; Henle wondered whether, since the spring meeting attendance is limited, more people might be attracted to the meeting by going into an area where we do not normally go and which would give a boost to other locations. This was not concurred in by other members, and the sentiment was still for a large city. (It was ordered that the minutes show a vote of appreciation for the local arrangements people in Detroit for the very fine job done on the current spring meeting.) Cincinnati and Chicago were the two principal suggestions for spring 1961. Haber moved for Chicago, and the motion was seconded and carried. On the question of a date, it was suggested that local people

be consulted; it was also suggested that Thursday and Friday rather than Friday and Saturday be considered.

Membership Committee report by Derber: He found that the American Management Association has a mailing list of some 9,000 people in its personnel division, which can be made available to us. American Psychological Association has three divisions whose members might be possibilities; however, Stagner said their membership lists are not released but would have to be obtained from their directory. The Sociological Association has a directory in which major fields of interest are indicated and from which it would be possible to get some names; the same is true of the American Economic Association. The Academy of Arbitrators is a possibility, as is the list of educational directors of labor unions. Derber suggested some experimentation by circularizing about 1,000 of these to gain some judgment of what kind of results are likely—perhaps choosing 100 or so from economics, psychology, sociology, etc., to see what results are forthcoming. Stagner suggested a separate letter for different groups with a varied appeal. It was moved and passed that the Secretary-Treasurer be authorized to spend whatever is necessary to send out perhaps 2,000 letters on the principle of sampling various organizations and that a separate letter be drawn where appropriate to appeal to different groups.

Another area of potential membership was cited in the local chapters. At present members of local chapters are not necessarily members of the national organization, although officers must be. It was suggested that a letter be circulated by local chapters to their own members, inviting them to become members of the national IRRA.

The committee composed of Henle, Hill, Shister, Teplow and Woods reported on the prospective volume on *Public Policy and Collective Bargaining*. The book is not designed to be original research but a cross between an informal summary and "thought pieces." There is probably enough material so that it could conceivably lead to two volumes. General outline to be covered: historical evolution; protection and regulation of collective bargaining; settlement of disputes; labor arbitration and the law; collective bargaining and the antitrust laws; government information data in collective bargaining; comparison of American and Canadian experience; epilogue—one written by a management and one by a union man. The committee felt that Shister ought to be chairman of board of editors. There was

general agreement that something must be started at once since no other volume except the Heneman volume is in process.

Haber reported on the prospective volume on *Technological Change*, saying that he, Cushman and Weinberg had met to talk about this volume and have come up with some eight or nine chapters, starting with a look back at what has been happening and a look ahead with an effort to point out what the trend is likely to be, calling attention to possible limitations of automation and atomic research, what effect there will be on labor demand, skills, etc., and a brief treatment of what has been taking place in specific industries. They have come to no decisions regarding a possible editorial board.

Dunlop asked the Board to authorize putting both volumes into planning for production, and it was so agreed. Shister and Haber are to formulate further outlines and suggestions in light of the discussion here and correspond with the president.

On the subject of continuation of the *Newsletter*, Haughton suggested a poll of the members to see whether they like it and want it continued, this to be included in the annual mailing. Teplow spoke in favor of its continuance because there is so little to keep people in touch with the organization. It was moved and passed to authorize the continuation of the *Newsletter* on the present basis for the current year of 1960.

Johnson reported that both the *Directory* and the *Annual Proceedings* are at the printers and should be out soon. The *Proceedings* of the present spring meeting will again be printed in the July issue of the *Labor Law Journal*. He also reported that about 40 orders for *Interpreting the Labor Movement* have been received in the past few years since the volume has been out of print, and asked the Board's direction on a possible reprinting. It could be contracted for with University Microfilms at \$7.70 per volume, or a multilith reproduction can be ordered whereby the price varies with the number ordered—50 copies would be \$6.05 each; 100, \$3.60 each; 200, \$2.45 each. It was moved and carried to authorize ordering 200 copies and making an effort to sell them.

A letter from Robert E. Mathews of Ohio State University was presented by Johnson, concerning the organization of the International Society for Labor Law and Social Legislation which is being established on a world-wide basis. Mr. Mathews asked the designation of a person from the IRRA to serve on the Executive Committee of the new organization. Dunlop suggested circulating the letter and

accompanying material to members of the Board for action to be taken in December, and it was so agreed.

Dunlop reported on tentative plans for the December program.

The meeting adjourned at 2:30 p.m.

#### MINUTES OF THE IRRA EXECUTIVE BOARD MEETING

*St. Louis, Missouri, December 27, 1960*

The IRRA Executive Board met on Tuesday, December 27, 1960, at 7:30 p.m. at the Ambassador-Kingsway Hotel in St. Louis. Present were: President Dunlop, President-elect Taft, Editor Somers, Secretary-Treasurer Young, board members Brintnall, Derber, Rose, Shister, Herman Somers, Weinberg, Woods; and Messrs. Brown, Sobel, Bakke, Wagner.

Dunlop presided, opening the meeting with an expression of appreciation to the members for coming. He then asked Sobel to report for the committee on arrangements, with the request that an expression of appreciation to the committee for its work be spread upon the record.

The President called for comments or questions on the program. There were none. The Secretary-Treasurer called for comments on the minutes of the May meeting, copies of which had been distributed to those present. Dunlop said it was his understanding that the proposed change in the by-laws which was submitted to the membership and ratified by them, would have the effect of nominating not only our present slate of officers but also a person who will succeed the next president. The Secretary-Treasurer stated that legal counsel Freidin has suggested a change in the By-laws to provide that in the event of disability of the President, his duties shall devolve upon the President-elect "pending cessation of such disability or until the expiration of the term." It was moved by Derber, seconded by Shister, that this change be made in the By-laws. Discussion. Motion passed unanimously. The President called for further comments on the minutes; there were none.

The President requested the Secretary-Treasurer proceed with his reports while board members glanced over the minutes. Reporting on membership, the Secretary-Treasurer said that it shows a slow, steady rate of growth. Invitational letters were sent to several mailing

lists during the year, with some results. The best return is from members' personal suggestions. Haughton suggested a standing committee. Taft stated that he and Dunlop had talked over tapping the source of local chapters. In accordance with suggestions made, Dunlop proposed that a membership committee be appointed by Taft, that its chairman be drawn from, and the committee include, members of this board and that it also include people active in the local chapters; and that the Secretary-Treasurer should be an ex-officio member of the committee. Haughton so moved; motion seconded and carried unanimously.

The Secretary-Treasurer presented the financial report, as appended hereto. He stated that the Association would be able to continue operating for some more years without raising the dues beyond the present rate of six dollars. The questions determining are what the Board decides to do about continuing the Newsletter and the Directory of Research. The Membership Directory is an expensive publication and soon dated. However, the deficit each year is very small. The Secretary-Treasurer proposed that the budget for next year be about the same as for 1960, taking into account a probable salary rise.

The next matter of business was the Editor's report. Editor Somers stated that the publications inventory showed quite a number of IRRA publications out of print. The reprinting of INTERPRETING THE LABOR MOVEMENT was selling very well, 113 remaining of the 200 printed.

It was agreed that the Secretary-Treasurer would obtain an annual report of sales of the Harper volumes and distribute it to the members; and that a committee consisting of Dunlop, Taft, Young and G. Somers would look into the cost of possible alternative ways to publish the annual Proceedings and report to the board at the May meeting.

The Editor asked for the opinion of the board on continuing the *Newsletter*. At the May meeting (1960) it had been agreed to continue through the year. The cost is a total of about \$500 for the year. Several members of the board expressed themselves in favor of continuing. There were no adverse comments. Derber moved that it be continued indefinitely. Haughton seconded the motion, which carried unanimously.

The Editor asked for guidance on content of the *Newsletter*. Regular business matters take up about half an issue. Should job place-

ment be included? Personal notes? Books received? The Board expressed approval of a forthcoming note by Roberts on industrial relations research in Britain. After some discussion, the matter of content was left to the discretion of the Editor. He then took up the matter of future special volumes. Two are now in the works. The one scheduled next is PUBLIC POLICY AND COLLECTIVE BARGAINING. Shister (chairman of the editorial committee) reported that it is all set, the manuscript to go to Harpers next August. Distributing outlines of the chapters, he stated that the aim is to describe trends and evaluate the current policy. The authors include lawyers and non-lawyers. A new, fresh point of view is sought. There are to be 10,000 words per chapter, a total of 80,000 words.

Dunlop emphasized again that IRRA book production has to be a "pipeline proposition." We need three volumes at various stages of production. Planning ought to be in terms of several volumes. A volume must be authorized at every annual meeting.

Turning to the matter of the volume on automation, which had been assigned to Haber, Weinberg, and Cushman, Dunlop announced that Haber found it impossible to continue on the committee. After lengthy discussion of importance of the subject and possible content of the volume, it was decided to proceed with the same committee, with the exception that Gerald Somers would replace Haber. The committee is to bring a progress report to the May meeting.

The next matter considered was the third volume. Dunlop called for suggestions to be reported on in May. Derber suggested an index for industrial relations articles similar to the index to academic journals presently being published by AEA. The librarians could be involved. Dunlop asked that the Secretary-Treasurer get in touch with the library group and report to the board in May.

Sobel suggested a sequel to INTERPRETING THE LABOR MOVEMENT, summarizing the changes since it was originally published.

A volume on medical insurance was mentioned. Another suggestion was a volume on functioning of the unions. Taft agreed to explore this last and report at the May meeting.

The Editor inquired whether the increased length of Harper-published volumes (to 80,000 words) was to be regarded as a permanent thing. Dunlop said no, it should be looked at each time in terms of the volume. 70,000 was to be regarded as the usual

length, unless the Editor requests something different on the merits of a particular volume.

The Editor brought up the matter of a new issue of a catalog of research, but no action was taken.

Dunlop called on Martin Wagner for a report of the preliminary program for the Spring meeting. It was agreed to authorize Wagner to work out the program as expeditiously as possible and arrange with the Secretary-Treasurer's office to have the programs sent out.

The Board proceeded with a discussion of future meetings. Places mentioned for Spring 1962 were: Buffalo, Columbus, Boston, Washington, Philadelphia. The Secretary-Treasurer brought up the question of whether IRRA will continue to meet at the same time as the other associations in December, or change to another time of year. It was agreed to commit the Association to Pittsburgh for December 1962.

The meeting adjourned at 10:00 p.m.

## KELLOGG, HOUGHTON AND TAPLICK

CERTIFIED PUBLIC ACCOUNTANTS

December 20, 1960

Insurance Building  
Madison 3, WisconsinExecutive Board  
Industrial Relations Research Association  
Madison, Wisconsin

Gentlemen:

We have audited the cash receipts and disbursements of the Industrial Relations Research Association for the fiscal year ended November 30, 1960 and submit herewith our report consisting of this letter and the following exhibits:

Exhibit "A"—Statement of Cash Receipts and Disbursements for the Fiscal Year Ended November 30, 1960

Exhibit "B"—Comparative Statement of Cash Receipts and Disbursements for the Fiscal Years Ended November 30, 1959 and November 30, 1960

Exhibit "C"—Bank Reconciliation, November 30, 1960

The available cash resources of the Industrial Relations Research Association on November 30, 1960 totaled \$13,239.35, consisting of \$8,239.35 on deposit in the First National Bank and \$5,000.00 invested in the Home Savings and Loan Association. These balances were confirmed directly to us by the bank and savings association.

As is set forth in Exhibit "A" and "B", the cash receipts for the fiscal year totaled \$15,183.07 and the disbursements totaled \$17,850.95. The disbursements exceeded the receipts by \$2,667.88. The cash receipts for the 1958-59 fiscal year exceeded the cash receipts for the 1959-60 fiscal year by \$279.56. The cash disbursements for the 1959-60 fiscal year exceeded the cash disbursements for the 1958-59 fiscal year by \$2,820.60.

The cash receipts journals for the various classifications of income were footed by us. The cash deposited in the bank was over the recorded cash receipts by \$167.94. We were not able to identify the source of the cash. Part of this overage is probably the result of 1958-59 fiscal year receipts being deposited during the 1959-60 fiscal year and would offset the cash shortage of \$140.03 reported in last year's audit report.

All cancelled checks returned by the bank during the year were examined by us and traced to the disbursement records. The cash disbursement records were footed by us.

In our opinion the accompanying statement of cash receipts and disbursements fairly present the cash transactions of the Industrial Relations Research Association for the fiscal year ended November 30, 1960.

Respectfully submitted,  
KELLOGG, HOUGHTON & TAPLICK  
*Certified Public Accountants*

INDUSTRIAL RELATIONS RESEARCH ASSOCIATION  
Madison, Wisconsin

COMPARATIVE STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
Fiscal Years Ended November 30, 1959 and November 30, 1960

	Year Ended 11-30-60	Year Ended 11-30-59	Increase	Decrease
<b>Cash Receipts:</b>				
Membership Dues .....	\$10,374.00	\$10,771.00	\$	\$ 397.00
Subscriptions .....	973.00	672.00	301.00	
Sales .....	1,799.48	1,422.07	377.41	
Royalties .....	331.12	450.01		118.89
Mailing List .....	318.50	300.00	18.50	
Cash Over .....	167.94		167.94	
Travel Conference and Meetings .....	968.13	1,497.25		529.12
Interest Income .....	200.00	175.00	25.00	
Miscellaneous .....	36.90	161.30		124.40
Totals .....	\$15,169.07	\$15,448.63	\$	\$ 279.56
<b>Cash Disbursements:</b>				
Salaries and Social Security..	\$ 3,179.25	\$ 2,028.67	\$1,150.58	\$
Printing .....	1,063.63	419.50	644.13	
Postage .....	1,088.48	805.00	283.48	
Services .....	237.10	304.18		67.08
Publications .....	10,690.20	8,668.23	2,021.97	
Supplies .....	440.78	132.00	308.78	
Travel, Conference and Meeting Expense .....	966.25	2,036.18		1,069.93
Miscellaneous .....	70.00	267.22		197.22
Cash Short or Over .....		140.03		140.03
Telephone and Telegraph ....	101.26	215.34		114.08
Totals .....	\$17,836.95	\$15,016.35	\$2,820.60	\$
<b>Excess of Receipts over Disbursements .....</b>				
	\$(2,667.88)	\$ 432.28	\$	\$3,100.16
<b>Add: Beginning Bank Balances .....</b>				
	10,907.23	10,474.95	432.28	
Bank Balance, End of Year .....	\$ 8,239.35	\$10,907.23	\$	\$2,667.88
<b>Home Savings and Loan Certificate # 3384 Purchased in 1954 .....</b>				
	5,000.00	5,000.00		
Available Cash Resources..	\$13,239.35	\$15,907.23	\$	\$2,667.88



## **Part X**

## **INDEX**

## INDEX TO IRRA PUBLICATIONS, 1948-1960\*

### PUBLICATIONS

*Annual Proceedings*, 1948-1960

*Spring Proceedings*, 1958-1960

### Special Volumes

- I *Psychology of Labor-Management Relations* (1949), Arthur Kornhauser, editor.
- II *The Aged and Society* (1950), J. Douglas Brown, Clark Kerr, Edwin E. Witte, editorial board.
- III *Industrial Productivity* (1951), Solomon Barkin, Hiram Davis, Benedict Saurino, William F. Whyte, editorial board.
- IV *Interpreting the Labor Movement* (1952), George W. Brooks, Milton Derber, David A. McCabe, Philip Taft, editorial board.
- V *Manpower in the United States* (1954, Harper & Brothers), William Haber, Frederick H. Harbison, Lawrence R. Klein, Gladys L. Palmer, editorial board.
- VI *Emergency Disputes and National Policy* (1955, Harper & Brothers), Irving Bernstein, Harold L. Enarson, R. W. Fleming, editors.
- VII *Research in Industrial Human Relations* (1957, Harper & Brothers), W. Ellison Chalmers, Conrad M. Arensberg, Solomon Barkin, Harold L. Wilensky, James C. Worthy, Barbara D. Dennis, editors.
- VIII *A Decade of Industrial Relations Research* (1958, Harper & Brothers), Neil W. Chamberlain, Frank C. Pier-son, Theresa Wolfson, editors.
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**Thirteenth Annual Meeting—December 28-29, 1960**

**Ambassador-Kingsway Hotel—St. Louis, Mo.**

**PROGRAM**

**Wednesday, December 28**

9:00 a.m.—5:00 p.m.—Registration

SESSION I—9:30 a.m.—12:00 noon (Empire Room)

**PUBLIC REGULATION OF COLLECTIVE BARGAINING  
AND UNION GOVERNMENT IN OPERATION**

Chairman: Dr. Russell Smith, Associate Dean, Law School,  
University of Michigan

Papers: Professor Douglass Brown, M.I.T., "The Impact of  
Some NLRB Decisions"

Robert J. Connerton, Asst. to the General Counsel, Intl. Hod  
Carriers' Building and Common Laborers' Union, "The  
Practical Impact of the New Law"

Discussants: Malcolm Denise, V.P., Labor Relations, Ford  
Motor Company

William J. Reilly, Mgr., Labor Rel. Dept., International Har-  
vester Company

Professor Fred Witney, Dept. of Economics, Indiana Uni-  
versity

SESSION II—9:30 a.m.—12:00 noon (Embassy Room)

**RESEARCH IN THE ECONOMICS OF MEDICAL CARE**

Chairman: Professor Herman Somers, Haverford College

Papers: Dr. Odin W. Anderson, Res. Dir. Health Information  
Foundation, "Social Research in Medical Care: Past  
Achievements and Future Problems"

W. J. McNerney, Director, Bureau of Hospital Administra-  
tion, University of Michigan, "Controls in the Medical Care  
Field"

Discussants: Dr. Robert O'Connor, Medical Director, U. S. Steel Corporation  
James Brindle, Director, Social Security Department, UAW  
William H. Wandel, Dir. of Research, Nationwide Insurance Co.  
Michael T. Wermel, Dean, College of Bus. Adm., Univ. of Hawaii

SESSION III—2:00 p.m.—4:30 p.m. (Empire Room)

THE PRESENT STATE OF THE INDUSTRIAL RELATIONS FIELD IN UNIVERSITIES

Chairman: Professor Frank C. Pierson, Swarthmore College  
Papers: Professor Marten S. Estey, Wharton School, University of Pennsylvania, "Unity and Diversity in Industrial Relations Education: The Report of the IRRA Survey"  
Professor Neil Chamberlain, Yale University, "Issues for the Future"  
Discussants: Prof. John F. Mee, Chairman, Department of Management, Indiana University.  
Lawrence M. Rogin, AFL-CIO  
Professor Irvin Sobel, Washington University

SMOKER—9:00 p.m. (Coronation Room)

**Thursday, December 29**

SESSION IV—9:30 a.m.—12:00 noon (Embassy Room)

THE THEORY OF COLLECTIVE BARGAINING

Chairman: Professor Joseph Shister, University of Buffalo  
Papers: Professor Carl Stevens, Reed College, "Strategy and Collective Bargaining Negotiations"  
Professor Myron L. Joseph, Carnegie Institute of Technology, "An Experimental Approach to the Study of Collective Bargaining"  
Discussants: Professor William G. Bowen, Princeton University  
Donald M. Irwin, Manager, Research and Analysis Dept., Corporate Personnel Staff, Chrysler Corporation  
Donald S. Beattie, Director, Research and Statistics, Brotherhood of Locomotive Engineers

SESSION V—9:30 a.m.—12:00 noon (Empire Room)

FRONTIERS OF UNION GROWTH

Chairman: Frank T. deVyver, Duke University

Papers: Professor Ray Marshall, Louisiana State University,  
“Some Factors Influencing the Growth of Unions in the  
South”

Everett Kassalow, Industrial Union Department, AFL-CIO,  
“The Occupational Frontiers of Union Growth”

Discussants: Professor James A. Morris, University of South  
Carolina

Professor S. M. Miller, Brooklyn College

LUNCHEON—12:00 noon (Coronation Room)

Presidential Address—Professor John T. Dunlop

SESSION VI—2:00 p.m.—4:30 p.m. (Empire Room)

LABOR ISSUES IN THE 1960 POLITICAL CAMPAIGN

Chairman: Professor Richard A. Lester, Princeton University

Papers: Andrew J. Biemiller, Research Director, AFL-CIO,  
“A Labor View”

Gerard D. Reilly, Reilly and Wells, Washington, D. C., “A  
Management View”

Discussants: Professor Avery Leiserson, Chairman, Department  
of Political Science, Vanderbilt University

John Herling, Editor, John Herling's Labor Letter

SESSION VII—8 p.m. (Chase Hotel). Joint Session with American Economic Association

SOVIET WAGE STRUCTURE

Chairman: Professor Abram Bergson, Harvard University

Papers: Professor Walter Galenson, University of California,  
“Recent Developments in the Soviet Wage Structure and  
the Work of the Wage Commission”

Professor Gardner Clark, Cornell University, “Comparative  
Wage Structures in the Steel Industry of the Soviet Union  
and Western Countries”

Discussants: Harry M. Douty, Bureau of Labor Statistics, U. S.  
Department of Labor

Professor Emily Brown, Vassar College



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