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INDUSTRIAL RELATIONS RESEARCH ASSOCIATION

PROCEEDINGS OF THE FIFTEENTH ANNUAL MEETING

Pittsburgh
December 27-28
1962

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EDITED BY GERALD G. SOMERS

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INDUSTRIAL RELATIONS RESEARCH ASSOCIATION

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PREFACE

The I.R.R.A.'s Fifteenth Annual Meeting, held in Pittsburgh in December, 1962, continued the Association's focus on current issues in labor-management relations and the labor market at home and abroad. The meetings also included a panel discussion on the changing nature of university industrial relations programs and a discussion of industrial relations developments in the past quarter century.

The program was arranged by Charles Myers, the I.R.R.A.'s President in 1962. Local arrangements were handled by a committee under the chairmanship of Myron Joseph.

We are indebted to these persons for their contributions toward a highly successful meeting; and to the authors for their prompt submission—and, occasionally, revision—of manuscripts for purposes of publication in these *Proceedings.*

GERALD G. SOMERS, *Editor*

Madison, Wisconsin
February, 1963

CONTENTS

Part IV

THE CHANGING NATURE OF UNIVERSITY INDUSTRIAL RELATIONS PROGRAMS

Part V

OLDER WORKERS IN THE LABOR MARKET

Part VI

TWENTY-FIVE YEARS OF INDUSTRIAL RELATIONS

Part VII

IMPLICATIONS OF THE REPORT ON PUBLIC INTEREST IN NATIONAL LABOR POLICY

Part VIII

PUBLIC POLICY TOWARD THE LABOR MARKET

Part IX

BALANCED AND DEPRESSED LABOR MARKETS

Part X

REPORTS

Part I

PRESIDENTIAL ADDRESS

THE AMERICAN SYSTEM OF INDUSTRIAL RELATIONS: IS IT EXPORTABLE? [1]

CHARLES A. MYERS
Massachusetts Institute of Technology

In the fifteenth anniversary year of the founding of the Industrial Relations Research Association, there is a temptation for the incumbent president to review the main trends of research during the past fifteen years and to prescribe for the future. But I cannot resist another temptation—to consider an issue that has involved many of us during the past fifteen years and will increasingly concern our membership. The issue may be stated simply: to what extent is the American system of industrial relations exportable to other countries, particularly to the newly-developing countries? In addressing myself to this question, I am encouraged by the fact that my two immediate predecessors tackled fairly broad questions of this sort which combine research findings and issues of policy.

When many of the founding members of IRRA were students or young practitioners, it was not uncommon to hear the comment that our system of industrial relations had much to learn from the British experience or the Scandinavian. Later on, after World War II, American industrial relations "know-how" was sought by Western European countries in the quest for higher productivity; it was pressed on some of the defeated nations like Germany and Japan; and more recently it has been exported to some of the developing nations. American public and private experience in industrial relations has been freely offered to our foreign friends. Government with its foreign aid programs and the labor attaché program, private firms, the AFL-CIO and particular international unions—none has been bashful about advancing the merits of our particular type of industrial relations.

Perhaps it is appropriate, therefore, to take a fresh look at this experience.[2] My generalizations will be sweeping, necessarily, and

[1] I am indebted to my colleagues in the M.I.T. Industrial Relations Section, as well as to John T. Dunlop, Frederick Harbison, and Harold L. Wilensky for helpful comments on an earlier draft of this paper.

[2] Solomon Barkin dealt with some aspects of this question in "Is the U. S. the Model for World Labor and Industrial Relations?" *Labor Law Journal*, Vol. 11, (December 1960), pp. 1120–30.

some sacred cows may be butchered. My purpose is to stimulate discussion of a problem that needs constant re-examination as America's role in the world society becomes even more important.

This review is limited in two ways: first, to what can be broadly defined as "the American system of industrial relations," and second, to my own experience and observation, partly through participation in the Inter-University Study of Labor Problems in Economic Development during the past ten years. There are many of our members whose experience abroad is more extensive, and I shall be rewarded if my remarks stimulate them to contribute to the subsequent discussion of these issues.

DEFINITION AND CHARACTERISTICS

The concept of an industrial relations system developed by John T. Dunlop is a useful starting point.[3] It involves three groups: workers and their organizations, managers and their organization, and government. "Every industrial relations system creates a complex of rules to govern the work place and the work community." In the consideration of management as one of the groups, I include the internal organization of management and its treatment of human resources through personnel administration, as well as the relations with unions and government. The structure, internal organization, functions, and objectives of trade unions, and their relations with management and government, are also involved. Government policy through labor and social legislation and administration is only part of the picture; government is also intervenor in labor disputes, through conciliation, mediation, and the use of emergency powers. Finally, the role of colleges and universities in industrial relations deserves mention.

Some central characteristics of our American system of industrial relations can be highlighted for international comparison in the following points:[4]

(1) American unions have developed within crafts and industries,

[3] John T. Dunlop, *Industrial Relations Systems,* (New York: Henry Holt and Company, 1958).

[4] I have deliberately restricted myself to the United States, even though the Canadian system has some similarities. The last IRRA research volume, *Public Policy and Collective Bargaining,* contained an excellent chapter by H. D. Woods, "United States and Canadian Experience: A Comparison," pp. 212–240. IRRA's spring meeting in Montreal in May will provide an opportunity for further significant comparisons of our two industrial systems.

largely through worker leadership, with only sporadic and peripheral help from intellectuals, professionals or politicians. Government legislation during the thirties assisted this internal leadership. On the whole, our unions have preferred the collective bargaining route to the political pressure route, and have especially avoided direct affiliation with a political labor party. Collective bargaining is more often at the local or company level than industry-wide. Despite the increasing strength of national unions and the existence of a central federation, American unionism has relatively greater strength at shop, local, and regional level than in most countries. There is usually a single line of affiliation or communication from the national union down to the individual worker, thus avoiding a separate shop steward movement. Ideologically, our labor movement is anti-communist at home and in its activities abroad. Union objectives have been concentrated more on immediate collective bargaining gains over the past twenty-five years, than on basic changes in the economic or social system.

(2) Our system is characterized by a managerial philosophy that has moved from authoritarianism and paternalism toward what Frederick Harbison and I have called "constitutional management." [5] Pressures of unions and government policies, together with a greater realization of the importance of human resources, have led to greater management attention to labor relations and personnel administration during the past fifteen years. To be sure, there is still grudging acceptance of unions in some managerial quarters, and interest in human relations and personnel administration for manipulative reasons rather than for the values which better treatment brings both to the enterprise and to people at work. But I think it is fair to say the personnel and labor relations functions in management have grown in professional stature since the war. At the association level, there is still considerable dogmatism and a maintenance of fixed positions, and this no less true (as John Dunlop pointed out in his 1960 presidential address) at the federation level on the labor side than on the employer side. If any proof were needed of the lack of consensus on broad policy questions on the part of the official spokesman of the NAM and AFL-CIO, it was presented in the speeches at the President's National Economic Conference last May

[5] *Management in the Industrial World: An International Analysis*, (New York: McGraw-Hill Book Co., Inc., 1959).

in Washington. (There was more consensus on the need for tax reduction to stimulate the economy in the second conference sponsored by the President's Advisory Committee on Labor Management Policy in November).

(3) Public policy in industrial relations has moved from discouragement of unions and control of their activities toward greater protection and freedom (Norris-LaGuardia Act and Wagner Act being high water marks), and more recently toward increased regulation of and control of unions and union activities. There has been a tendency, perhaps an increasing one, to think in terms of legislative remedies, such as application of the anti-trust laws to unions. Despite this trend, collective bargaining decisions on economic matters are still influenced much more by market forces than by government labor legislation.

(4) Although we have not had a record of industrial peace which compares very favorably with that in some other industrial countries, particularly Great Britain and Sweden, the vast majority of collective agreements are reached peacefully and only the exceptions make the headlines. There has been some progress in achieving a national consensus on a few issues, through the President's Advisory Committee on Labor-Management Policy, which has issued three reports dealing with automation, collective bargaining, and foreign competition, as well as a later brief statement on fiscal and monetary policy. But perhaps there would be many who would still agree with Wight Bakke's comment at the end of his 1958 presidential address when he regretfully noted "the hardening of these antagonisms (between labor and management) in a way which makes adjustive and adaptive cooperation more difficult in the face of a dynamic and changing economy that will challenge all the capacity for adjustment and cooperation both labor and management can muster."

(5) Finally, a special feature of our system is the development of research and extension centers in industrial relations in more than fifty colleges and universities in the United States and Canada. Most of these have been established since the war; they have stressed careful, empirical research on labor-management problems defined broadly, and they have brought the academic community into closer contact with management and labor through research, conferences, extension courses, and the like. The spread of private voluntary

arbitration has involved a good number from the universities and colleges, as well as from the legal profession, and the interrelationships of all these participants in the industrial relations process is distinctive. The IRRA has played an important role in strengthening these interrelationships.

SOME PROPOSITIONS CONCERNING THE EXPORTABILITY OF THESE FEATURES

In his recent series of lectures in India on *Economic Development in Perspective*,[6] Ambassador J. K. Galbraith stressed the difficulty of attempting to transfer organizational forms from developed to less-developed countries. Cultural anthropologists and other students of comparative societies have long pointed to this problem. Despite these *caveats*, I believe that *some* elements in our system of industrial relations are "exportable," but this exportability is in my judgment, considerably less than is implicitly or explicitly assumed in many of our private and public policies abroad. Certainly, the system *as a whole* is not exportable. What parts, then, are relevant to the needs of developing countries?

First, I believe that more of what management has learned and practiced in the United States is applicable in other industrializing countries than is much of our trade union experience or our governmental system of industrial relations. After all, American business is already abroad through the establishment of subsidiary firms and joint ventures. This is no more true of an increasing number of American companies than of firms in other advanced industrial nations which are now investing in developing countries. The distinctive American contribution, however, is in managerial organization, and in the philosophies and procedures in dealing with subordinates. American companies have not done as much as they might have in developing nationals to higher levels of responsibility, but they are increasingly aware of the need to do this and are doing a better job than in the past.

Furthermore, American experience in personnel administration and human relations is of great interest to management in the developing countries. This struck me again during the past summer when I participated in a four-week executive development seminar in

[6] Cambridge: Harvard University Press, 1962, p. 58.

India. Despite cultural and social differences, the applicability of enlightened managerial practices in Indian firms, both private and public, was evident from the experiences reported there. Good management is a critical need in all developing countries, and the American managerial experience in building effective organizations of people is, I think, widely exportable.

Second, management approaches in dealing with trade unions are less applicable because of the different nature of our trade unions from those in many of the developing countries, a point to be developed later. Nevertheless, I have found widespread interest in the concrete experiences of American managements and unions in building constructive relations. Specifically, there is still interest in the case studies reported in the National Planning Association's series on *Causes of Industrial Peace under Collective Bargaining.* These are in contrast to another impression of American collective bargaining, held by people abroad who have heard about some of our headlined industrial conflicts, or who have read the official statements of some of our management spokesmen about unions. However, to the extent that we lack consensus on major issues, or if there is a "hardening of antagonisms" in certain labor-management relationships, we should be reluctant to "export" these features.

My third proposition is that while there are some universals in management, especially in organizing human resources, trade unions differ more widely among countries, even between the United States and Western Europe, and especially between the United States and economically less-developed nations. To be sure, trade unionism everywhere is a response of industrial workers to the environment in which they find themselves, but this environment is quite different in a newly-developed country—especially if it has achieved independence since the war. Trade unions have frequently been part of the independence movement, as in India, and they are necessarily often politically-oriented and led by outsiders who may also be political leaders or have political ambitions. Admittedly, Perlman's analysis of trade union objectives has broader applicability than to the United States alone, but I believe it is more applicable to the American trade union movement than to any other. Indeed, a strong case can be made for the uniqueness of American trade unionism. Perhaps historically, our trade unions went through some of the same problems which the newer unions of the developing countries are facing, as James D. Hoover in an unpublished paper, "Should American

Trade Unionism Be Exported?" has argued. Yet in the discussion which followed the presentation of Hoover's paper several years ago in the research seminar on comparative labor movements organized by Everett M. Kassalow with the aid of the National Institute of Labor Education, some participants questioned the exportability of the basic American union philosophy of "more and more" in other societies where economic limits are set by the level and rate of economic development. In other words, the economic functions and objectives of American unions operating in a mature industrial society are not necessarily relevant now in the less-industrialized and economically-poorer societies. I shall return to this point later.

Fourth, there are, nevertheless, many features of American trade unionism which commend themselves to consideration by trade unions in developing countries. Examples are the development of leadership from the ranks of the workers as literacy becomes more widespread; union programs for training shop stewards and local leaders; self-financing of the union activities through membership dues and the check-off; the increasing orientation of union policies toward the industry or the labor market; collective bargaining pressures on management at the plant level for more humane and equitable treatment of workers; and finally (but not least) the development of definite procedures for handling worker grievances. Furthermore, American unions have considerable experience in ways of building membership loyalty to the union as an organization, not only through collective bargaining services, but through housing, credit unions, recreational and cultural activities, and even assistance on personal problems. These, too, might commend themselves to unions in developing countries.

Fifth, while certain features of the American trade union movement are exportable, I question whether the continuing emphasis in some quarters on promoting "free and independent" trade unions in all developing countries, presumably on the pattern of American unionism, is realistic or even helpful. The assumption is that the present American labor movement is a model for the world. But surely our labor movement is a product of the relative freedom for private interest groups in our pluralistic society as much as it is a factor contributing to this freedom. Other societies reflect different degrees of freedom for interest groups, as a consequence of economic and social factors as well as of political philosophies. Therefore, different degrees of freedom for trade unions are found in develop-

ing countries as well as in some of the more advanced,[7] just as there are different degrees of freedom for other groups in the society, including management.

The more intimate relationship between unions and political movements or governments in newly-independent countries is partially the result of earlier identification of unions with movements for independence from colonial powers, and partly the result of other pressures (economic development plans, communist threats, etc), which cause governments to control labor movements more than we have today in the West. Unions have some freedom and influence even within the "one-party" democracies, such as Egypt, India, and perhaps even Ghana. In many developing countries, there is, as Maurice Neufeld has put it, "the inevitability of political unionism." [8] Thus, our view of the trade union as virtually free of government influence or control will be a long time in developing in these countries at their present stage of political and economic growth. Some of our labor emissaries abroad understand these nuances.

Sixth, turning to government's role in the American system of industrial relations, I believe that our labor legislation and government policy in the settlement of labor disputes are also a product of our own experience and, therefore, do not constitute "a model for the world." The Wagner and Taft-Hartley principle of secret ballot and exclusive bargaining representation is found in few other countries, with the possible exception of Canada and the Philippines. The principle was introduced into proposed Indian labor legislation around 1950, but the bill died with formal passage and has never been revived. The idea of legislating against "unfair labor practices" is also more or less uniquely American and certainly not copied directly by many other countries. If anything, this legislation is the result of tardy recognition and acceptance of unions by American employers as compared to employer attitudes in other advanced industrial countries.

Nor is the Taft-Hartley emergency dispute procedure "export-

[7] Clark Kerr, John T. Dunlop, Frederick Harbison and Charles A. Myers, *Industrialism and Industrial Man,* (Cambridge, Harvard University Press, 1961), Chapter 8.

[8] Maurice F. Neufeld. "The Inevitability of Political Unionism in Underdeveloped Countries: Italy, the Exemplar," *Industrial and Labor Relations Review,* Vol. 13 (April 1960), pp. 363–86. For a somewhat contrary view see the forthcoming paper by Elliot J. Berg and Jeffrey Butler, "Trade Unions and Politics in Middle Africa," to appear in James S. Coleman and Carl Rosberg (editors), *Political Groups in Middle Africa.*

able" in the sense that other countries have found or necessarily should find merit in it. Indeed, the American rejection of various forms of compulsory arbitration does not find favor in many other countries where there is more direct government intervention in the settlement of labor disputes. Regretfully, perhaps we are moving in their direction, for in a number of recent situations (particularly in the airlines and in the railroads) more rather than less government intervention seems to be necessary to bring a settlement. In the United States we cannot claim to have found the "answer" in dealing with critical collective bargaining situations.[9] Instead, in some industries we seem to face what George Taylor has called a "crisis in collective bargaining." His further comments in a paper at the Graduate School of Business of the University of Chicago in 1961, are relevant:

> "If we want to preserve collective bargaining as a liberty, if we want to make it more than a challenge and a response, the first step must be the development of *procedures* that will narrow the differences between the parties and help pave the way to agreement." [10]

Possibly on this score we can learn something from the experience of other countries, particularly Sweden, where organized labor and employers have developed such procedures successfully over the past twenty years.

Seventh, while our government system of legislation on labor relations may have less exportability value, this is not true of our technical "know-how" in administering a social security system, a public employment service, or in developing adequate labor statistics or manpower data. Here our experience is understandably sought by other countries. Developing countries, in particular, need a strategy for the development of human resources. Technical assistance of this character is more exportable than the total legal framework within which it operates.

Eighth, the research orientation of university and college industrial relations centers has been a model for similar developments in several foreign universities, and deserves wider application. Simi-

[9] Constructive suggestions for new legislation and procedures were offered in *The Public Interest in National Labor Policy,* by an Independent Study Group, (New York: Committee for Economic Development, 1961), pp. 95–110.

[10] In Arnold R. Weber (editor), *The Structure of Collective Bargaining: Problems and Perspectives,* The Free Press of Glencoe, Illinois, 1961.

larly, the close contacts between these institutions and labor, management, and government, are found in some other countries, but the gap between the academic community and the industrial relations participants is usually wider than in this country. We have done something to export these aspects of our system, especially through university programs in other countries with government or foundation support, but a continuing effort is needed.

SOME POLICY IMPLICATIONS

If the American system of industrial relations is not exportable as a whole (as indeed, no industrial relations system is), but if some parts of it are exportable, what are the implications for U. S. private and public policies? I turn now to a brief consideration of these implications.

(1) U. S. firms operating abroad need to send more representatives who can not only get a plant built and operating technically, but who possess the ability to develop nationals in the country to positions of greater competence and responsibility. As a number of studies and continuing experiences have shown, people in other countries are critical of American companies which continue to keep American managers in a number of key positions at salaries considerably higher than those paid to nationals for equivalent responsibility.[11] American managers abroad also need to increase their efforts to deal responsibly with non-communist trade unions and to avoid making "convenient" agreements with communist trade unions. Perhaps too many managers working and traveling abroad still talk and act in ways which confirm the criticisms of American enterprise, rather than presenting a fair picture of the great changes in American managerial practices and philosophy that have occurred over the past twenty-five years. Management seminars abroad, as well as visits by management teams from other countries to the United States, offer continuing opportunities for American management to present the best of American managerial philosophy and practices in industrial relations.

(2) U. S. trade unions can be more helpful in giving technical assistance in the development of grievance procedures, worker education, trade union leadership training, and membership building programs based on various services to members. These are essential

[11] Thomas Aitken Jr., *A Foreign Policy for American Business,* (New York: Harper and Row, 1962), Chapter 5.

to strengthening trade unions before they are encouraged to act like already-strong anti-communist unions confronting employers with a series of collective bargaining demands, backed by direct economic sanctions. As in the case of management, trade unions need to send abroad more representatives who can provide these kinds of technical assistance, rather than simply preaching the virtues of the present American trade union movement. The effort (largely under U. S. government auspices) to bring trade union leaders from other countries to the United States is also useful, if it does not overwhelm them with the variety and size of our present unions, their physical equipment in the form of buildings, office staffs, treasuries, and so forth. There have been criticisms of the present trade union leader "tours" in the United States, and much more thought and evaluation need to be given to improving this program. The recently established AFL-CIO Institute for Free Labor Development, to train Latin American trade union leaders in the U. S. for three months, followed by a longer internship in their own countries, is a noteworthy departure from the old pattern.

(3) U. S. foreign aid programs should continue to give assistance to the development of better management and to the growth of professional management organizations in other countries as well as to programs to train trade union leaders, and for worker education, especially in literacy and trade skills. With the assistance of the labor attachés in each embassy, information and experience of American trade unions in these programs can be offered. The Productivity Centers supported by U. S. foreign aid have in some countries attempted over-ambitious programs, but the direction is the right one, since it involves an effort to bring together labor and management representatives to increase productivity. Certainly the favorable experience in Western European countries under the Marshall Plan and subsequently with National Productivity Centers is a good guide to similar efforts in the present developing countries.

(4) U. S. labor legislation and dispute settlement procedures seem less applicable to the problems of present developing countries, with the possible exception of our experience with private voluntary arbitration in the settlement of disputes arising under collective agreements. As for higher labor standards, the I. L. O. perhaps does enough to spread these, and possibly even too much if developing countries do not realize that economic growth makes possible these higher standards, not the reverse. But in the technical assistance area, better labor statistics, improved Social Security administration

and better employment exchange organiation are all useful, if the countries ask for this assistance. The same test, of course, should apply to all technical assistance programs in industrial relations. Do the recipients really want them?

(5) Finally, universities and professors in our fields have an obligation to respond to requests for assistance in developing better research in educational and other centers in modernizing countries, and helping to organize conference and extension programs for labor and management representatives. But they need to be prepared to shed some of their preconceptions, to listen and learn as well as to offer advice.

CONCLUSION

These remarks, in summary, have suggested that the American system of industrial relations, like any other nation's industrial relations system, is a product of historical development and the social and economic environment in which this development takes place. Parts of this system may be exportable, but the system as a whole is not. Those parts which may be relevant to the experience of other countries lie somewhat more on the management side than on the trade union and government sides, largely because managerial problems around the world appear to be more similar than trade union responses and governmental policies. In any case, the exportable features lie in the know-how offered through technical assistance by management, trade unions, government and universities.

Our American philosophy of democratic pluralism and free association is better left to grow by example out of the way our representatives act abroad, rather than by direct preachment. Furthermore, the long-run U. S. objective of encouraging the growth of free institutions in developing countries will be best advanced if we offer these nations the means of helping them develop in their own ways, not as direct copies of our industrial relations institutions, but in their own forms of democratic pluralism.

Our objectives abroad will also be better advanced if we do such a good job here in handling our industrial relations problems that our help will be *sought* by others. In the methods of resolving differences between management and labor we have unfinished business in this country. We have not solved the problems of adjustment to technical change or to an economy facing increasingly stiff foreign competition. We still have too much unemployment. There is more

work to do at home before we can claim we have the "answers" for the rest of the world. It would not be surprising, moreover, to find that we can learn something from other countries, especially in the way that some (like Sweden) have developed procedures to moderate potential conflicts between large aggregations of labor and management. There are lessons for us from abroad, as well as things to be learned by other countries from American experience.

Finally, we shall be assisted in this exchange by helping our foreign friends to understand better our system of industrial relations and its origins, and by learning more about their systems and the reasons for their development. There is need for further careful research and evaluation, in the best tradition of our field.

Part II

COMPARATIVE INTERNATIONAL LABOR STUDIES

HIRING ARRANGEMENTS AND THE RULE-MAKING PROCESS IN CERTAIN EUROPEAN PORTS AND IN THE PORT OF NEW YORK

PROFESSOR VERNON H. JENSEN
New York State School of Industrial and Labor Relations

The rule-making process, a central factor in any industrial relations system or situation, is of importance to free people. It may be as important as the substantive rules, because attitudes of consent hinge on the process.

Hiring of dock workers in each of the ports has undergone considerable change in recent years. How did the rule-making process work to produce the hiring schemes.? What were the roles of the various actors? What was the contribution of each? To answer these questions it is necessary to look briefly at the background of each situation, then to the rule-making process in the creation and operation of the hiring schemes.

We do not begin with identical situations but disorganization of the dock labor market, with chronic surplus of men, was once common to all. Marseille had the best controlled labor supply when the Société de Portefaix set the rules and assigned the men to the ship's captain when he came, as he was required to do, to their hall.

But this control passed with the building of the new port during the latter part of the 19th century and with the rise of the Compagnie des Docks which insisted upon a free labor market to suit itself. It produced the proletarian docker. If the men in New York for a short time made the hiring agent come "across the street," this modest show of dignity—which gave way early—serves only to accentuate the traditional shape-up at the piers. The ports of Liverpool and London have been the classic examples of casual labor markets with the men being hired on the street or at customary calling-on stands.

This paper is an outgrowth of a study of hiring and employment practices at four selected European ports, conducted in Europe from August, 1959, to September, 1960, and a similar one previously conducted in the Port of New York. These studies were undertaken to describe and evaluate dock worker hiring and employment schemes, but rule-making was given considerable attention.

References are omitted in this paper. A bibliography will shortly be available in a Wertheim publication under the title "The Hiring of Dock Workers and Employment Practices at Five Major Ports."

The dock labor market in Rotterdam also lacked control from the outset of its late 19th century development and was manned to a large extent by men who came directly from the agricultural hinterlands.

Under the circumstances prevailing, the rules governing hiring in each of the ports were set by employers or through the development of customs and practices which were a product of employer and worker pressures, sometimes working jointly but usually randomly. Unions appeared by the end of the 19th century in London and Liverpool, and shortly thereafter in the other ports. However, they were always limited in their power and activities in each port. The limited collective bargaining did not reach to rules of hiring, although a serious effort was made in the British ports in 1920 when Ernest Bevin argued for guaranteed maintenance in the famous Shaw inquiry. Also, unionism in Rotterdam indirectly stimulated a change when the employers after 1916 developed a program of central hiring under their own control. Actually, the fear of government control of hiring was the real prod which made for this early improvement.

Apart from the early development in Rotterdam initiated by the employers, it was in the British ports where the greatest and most continuous pressure for change came to be exerted. Chronic unemployment for two decades checked constructive change through collective bargaining. Unions, for internal and external reasons, lacked the power to effect changes, although the leaders were much in favor of doing something. But the men themselves were an obstacle, for they were full of fear and made reform difficult. But just before the outbreak of World War II the joint port councils succeeded in coming near to an agreement. The final obstacle was the reluctance of governmental authorities to excuse employers from paying unemployment taxes if they agreed to the maintenance guarantees sought by the union. Shortly thereafter, however, what they had not been able to consummate was suddenly made a reality. Ernest Bevin became the Minister of Labor and he quickly established a hiring scheme for Merseywide and Clydeside ports as a war-time measure. Soon thereafter, with labor and management involvement, he promoted in Parliament a national plan for all other ports.

The British, starting from their war-time experience, developed the most comprehensive dock labor hiring scheme. It took governmental prodding to produce it, but the scheme in a real sense, emanated from labor and management negotiations in the joint machinery of the industry. The mixing of labor, management, and govern-

ment in the rule-making process is reflected in the marriage of governmental and private participation in administration through tri-partite and bi-partite bodies at the national and local levels, respectively, but with governmental staffs at both levels.

Hiring is administered by the National Dock Labor Board, although selection of men is made by the employers, who respect certain local customs and practices. For example, in London the "free call" still takes place on the streets. Afterward, the men not hired on the "free call" report to the controls for possible assignment. In Liverpool, however, the men go directly to the control and stand for engagement. In the event men are needed in other areas of the port, the agents of the Board, both in Liverpool and London, do the assigning. Both employers and workers are subject to negotiated rules as well as those set out in the scheme. Penalties for infraction of rules established in the scheme are administered by the local bi-partite boards who are responsible for discipline. Union rules play a part, too, as in the case of the stevedores' union which disciplines its own members for infraction of its hiring rules. If the scheme has been effective it has not always worked smoothly nor without serious problems. Many workers did not take easily to the discipline imposed upon them. Many have not understood the role of the union as joint administrator of discipline. Partly for this reason, partly because of the nature of union organization on the docks, there have been protests; but it has not always been possible to tell whether the men were protesting against their union, against both, or just protesting. A number of governmental inquiries have been held. Employers have tried unsuccessfully to get unilateral control on the ground that mixed control presents anomalies and ineffectiveness in administration.

The dock worker hiring scheme in Marseille is a product of legislation enacted in 1947. Labor was influential in government affairs at the time, following its gallant role in the underground during the war. This legislation was pushed by the Conferation Generale du Travail after an understanding with the national port employers' association. Although labor's political position has changed the law continues unaltered.

There is a national superstructure. General supervision is under a national board, tri-partite in character, but specific supervision is vested in specified governmental ministries, the chief of which is Public Works and Transport. A local representative of this ministry, the Director of the Port, is in charge of the Bureau Centrol de la Main

d'Oeuvre, the central manpower bureau in Marseille. The director is provided with a board of labor and management representatives, nominated by their respective organizations but they play only minor roles. The board is nowise a partnership of equals, as in England. The director is in administrative control.

The size of the register is set by national decision but the registered men are classified locally into professional and occasional dockers under a point-rating system administered by the BCMO. Hiring is on a daily basis, conforming to local rules with the employer choosing the men.

The shape-up in New York was seriously challenged by insurgents in the post-war period and the issue was forced to the bargaining table. However, regular men, union officials, and employers rejected hiring halls and retained the shape-up but limited it to twice a day. A strike of rebellious longshoremen in 1951 revealed the unwholesome conditions in the industry and in the International Longshoremens Association. Soon afterward the New York State Crime Commission found employers and union leaders alike guilty of nefarious hiring practices, and called for reform.

The Crime Commission's conclusion that the system of hiring contributed to crime, paved the way for control of hiring. Embarrassed, the American Federation of Labor took unprecedented action when it intervened in the internal affairs of a constituent body and ordered the ILA to eliminate the shape-up or else face expulsion. Consequently, the ILA pressed the New York Shipping Association to open negotiations to establish joint hiring halls. It was too late, for legislation had been enacted. It denied to the union any participation in the hiring process and provided for a Waterfront Commission, vested with power to make rules within the terms of the law and to police the hiring process. Because of this development the NYSA did not want to enter into an agreement with the ILA; although the law specifically preserves collective bargaining. The Waterfront Commission is required to recognize hiring practices established through collective bargaining, provided they do not circumvent the law. The unions and employers may establish priorities in hiring but no union official may take part personally in designating men for jobs.

Events moved rapidly. The ILA was expelled from the AFL; and a new union for longshoremen, the International Brotherhood of Longshoremen, (IBL), was established to wrest bargaining rights from the ILA. A bitter struggle ensued. In the meantime the Water-

front Commission formulated and issued its regulations and a new program for hiring was put into operation.

In setting the regulations, the Waterfront Commission turned to the employers. The unions were in two warring camps and were not given the same audience, although both were given the opportunity to voice their reactions to the proposed regulations. The Waterfront Commission, realistic enough to know that the basic prevailing patterns of hiring had to be continued, provided for the hiring of regular gangs and regular employees at the pier, following weekly prevalidation, and the hiring of casuals at the employment information centers established by it. Registration of longshoremen and hiring agents was required, the latter being deprived of union membership. The hiring agent complies with the regulations, the collective agreements, and customs and practices. As a matter of fact, without specifying them, the union included in the collective agreement a statement that customs and practices in hiring had to be observed.

The initial regulations were changed after the Waterfront Commission became convinced that some union participation in hiring continued. In revision both employer and union spokesmen were permitted to raise questions and objections at public hearings. The revised hiring regulations provide for the hiring of regular gangs from a portwide roster, each hiring center having its portion of the gang roster posted, and the hiring of individuals from established pier rosters. Additional men are hired as casuals at the centers. The union is completely removed from the selection process.

The ILA is unhappy with the Waterfront Commission. It has sought unsuccessfully to set the legislation aside in the courts. It has appealed to the legislatures of New York and New Jersey to no avail; on the contrary the legislatures have responded to requests of the Waterfront Commission for additional powers. While the union remains rankled there is evidence that most of the men, yet not all, are pleased with the Waterfront Commission.

Although the IBL was removed as a threat to the ILA, it had demanded seniority and because this appealed to the men the ILA could not ignore it. In fact, some saw an opportunity to improve the lot of the regular longshoremen; others, that it might lead to the eventual dissolution of the Waterfront Commission. As a result, some leaders in the ILA, but not all, pushed the demand. In spite of mixed and diverse motivations on both sides, a seniority agreement was negotiated in 1958. At the outset, the Waterfront Commission ac-

cepted it with some misgivings but issued variances to its regulations to permit introduction of the seniority plan.

Seniority has often been observed in the breach. While the idea of selection on the basis of established priorities is accepted, many are displeased with abuses in its administration. The Waterfront Commission is unhappy, too, with some aspects of the administration. Dubious about the negotiated seniority system at first, the Waterfront Commission is now convinced that honest administration would have a substantial decasualizing effect. It has considered writing the seniority agreement into its regulations in order to force the union to live up to its terms. It presumably would have been done late in the spring of 1962 had not the employers begged for a delay pending negotiations that were about to commence.

After the war when the Port of Rotterdam was rebuilt, the employers reestablished their central hiring scheme. Since the war, however, unions have played a prominent role in Dutch life and governmental affairs. New relationships in industry were grounded in the Extraordinary Employment Relations Decree of 1945 and the Industrial Organization Act of 1950. A pluralistic cooperation between government, employers, and unions arose. Unions on the docks have come to play a more active role than formerly, even when they were numerically weak and divided, as they have been.

The dock labor market has been very tight. This created problems among employers within their hiring scheme and gave the unions an opportunity to press for changes. As a result, the hiring of dock workers was substantially changed in 1955. The unions, however, achieved only an advisory function and participation in the settlement of certain disputes. It is also of some interest that the new program is integrated with the requirements of Dutch law on continuity of employment.

Most dock workers are in fixed service with individual employers. The "casuals" who gain employment through the scheme are in fixed service with the shipping association, under individual contracts of employment, and enjoy substantial guarantees. When not engaged, they must hold themselves ready for employment at the Centrale but have an initial opportunity to offer themselves to the employer of their choice. The employer, in turn, has a right to choose among those who offer themselves. Afterward, the men who have not been chosen are assigned, under a formula worked out by the shipping association, to the various employers seeking additional help. Despite the fact

that the unions have negotiated on some aspects of the scheme, the employers are responsible for most of the features and the shipping association has exclusive administrative control.

REFLECTIONS

The government was a critical factor in the emergence of dock worker hiring schemes in each of the ports, although the degree of involvement and the form as well as the motivations varied. The government roles were no doubt determined by prevailing ideologies and national and local environmental conditions. The roles of employers, workers, and unions were also influenced by these things, but particularly by the characteristics of the industry. The latter once made customs and practices the common form of rules in each of the ports. Neither collective bargaining nor formal hiring schemes have eliminated them, although their importance varies from port to port.

The predominance of customs and practices has been due to the economics and the physical aspects of shipping. Conduct of employers and workers was determined to a large degree by the characteristics of the industry. Important for the rule-making process is the fact that dock workers discovered that employers, because of overhead costs and competition, were vulnerable to work stoppages. Employers, individually and collectively, sometimes found it cheaper in the short run to make concessions than to resist the men. As a result, customs and practices developed from this source. Also employers, unwittingly and unintelligently sometimes, created customs and practices by individually seeking opportunistic advantages through offering or extending concessions which the workers then prized and protected. The impact upon employers was to limit their control of rule making. The workers, on the other hand, in spite of their predicament and entirely apart from organization into unions, were enabled to assume a rule-making role, although an erratic one.

Customs and practices, of course, may be good or bad. Regardless of origin, they usually are grounded in acceptance and consent. Also, customs and practices sometimes give stability. The danger is that they get outmoded with changing conditions. Hence, they may become obstacles to efficiency and may become detrimental to those who think they are benefited by them. (But this may be true of rules developed in other ways.)

Customs and practices are still important in London and Liverpool and New York, in spite of many years of unionism and reforms

in hiring. British union leaders found it difficult to persuade workers to give up their customs. Ernest Bevin recognized that they preferred their freedom, which he interpreted to be the freedom to go home hungry. Actually the men feared change and were also averse to union discipline as they were to any discipline. They still are to a marked degree. Even under the hiring scheme they will not give up some of their customs. Of course, the union helps protect customs which it finds of advantage but, then, employers also protect customs which are to their advantage. Similarly, in New York the union is a strong protector of customs and practices. There is even some evidence that the union has achieved through development of customs and practices what it was not able to gain through negotiations.

Unions were never strong in Rotterdam or Marseille and have played more limited roles. In the immediate postwar period labor was strong enough in France to press for the governmental scheme for hiring but, in Marseille, the CGT was thwarted by the employers in 1950 and the limited collective bargaining that previously had been achieved was disowned by both parties. The unions since have played very limited roles. The fact is that the hiring scheme is maintained by the government with only a degree of union and employer participation. In Rotterdam unions only recently became associated with the hiring scheme and their present position is mostly a product of the national pluralistic process of rule making that emerged after the war in the larger society.

Employers generally have not been able to join together effectively to improve hiring methods and rules. Those in Rotterdam are the exception. In England they could have done nothing themselves and they were reluctant for years to concede anything to the union; although under the impact of a great deal of public exposure of conditions on the docks, periodic pressure by the union leaders, and government attempts to improve the labor market by means of registration, they finally came to the conclusion that reform was necessary. But bargaining of itself did not produce the hiring scheme. It took a final push by government, in a pluralistic manner, to bring it into being. In New York, the employers, like the union leaders, were satisfied with the shape-up and no effort was made by either to change until the government intervened to expose malpractices and impose hiring rules. At that late date, when the union pressed them, the employers could not avoid, indeed did not want to avoid, the governmentally established rules. Later they bargained within the

framework of these rules to establish a system of seniority in hiring, which the Waterfront Commission accommodated.

Collective bargaining, therefore, has had a limited effect upon hiring practices; greatest in the British ports and least in Marseille. It has not produced complete acceptance among the men in London and Liverpool. Customs and practices die hard. Consent is not fully achieved. Still, men have become accustomed to the advantages of the scheme and, even when they do not like some of the obligations it imposes upon them, they would not scrap it. The truth is that the process of rule-making has not yet been worked out to everyone's satisfaction.

Collective bargaining has had some effect in Rotterdam but the employers play an independent role. Yet of all the ports acceptance of the scheme is greatest in Rotterdam; perhaps it is due primarily to the guarantees provided. Consent in Marseille is more dubious. The men seem to like the improvements but the role of the unions and the employers in the total relationship is unpredictable. There is evidence of an uneasy truce but I dare say that the hiring scheme will continue regardless of what might happen in the larger field of labor and management relations. In New York the law permits collective bargaining but limits it to agreements which do not violate rules set in law. The men responded favorably to the negotiated seniority system but they resent lapses in administration which emanate from union leaders who do not really want it. The irony is that the union leaders would like to displace the Waterfront Commission and seniority gave them their opportunity, but so far they have missed their chance, although it would seem clear that the men will never let seniority go. It cannot be negotiated out of existence. It will remain in some form in spite of union leaders. The Waterfront Commission, which, in the main, is accepted by the men will not be eliminated either until the public is convinced that hiring can be properly conducted in the interests of workers.

In each situation studied the government was either a catalytic agent or an active instigator of reforms, however varied the motivations or circumstances. In New York it was to eliminate malpractices. In Great Britain it was to give assistance to the parties and help them over the hurdles blocking consummation of private negotiations and to provide participation in administration. Without the government the scheme in Marseille probably would not have been developed nor could it continue. The role of government seems

least in Rotterdam inasmuch as it was only the prospect of governmental action which led to development of the scheme by the employers. Yet aspects of the scheme are integrated with government programs and the government has been active since the war in assisting the parties in negotiations.

GRIEVANCE SETTLEMENT PROCEDURES IN WESTERN EUROPE

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The general problem of resolving disputes of right [1] in order to maintain high employee morale and continuity of production is much the same in all democratic countries. In the United States we have our own highly defined and fairly uniform procedural system, which appears to function much more satisfactorily in some instances than in others. There is much questioning of the adequacy of our own grievance handling methods. Such analysis can be aided by more information regarding the methods used in other countries. International institutional transplantation would be absurd, if not impossible; yet a broader knowledge of existing alternatives may yield new insights into the possibilities for perfecting our homegrown products by adopting some aspects of foreign practices.

The topic of this paper, in referring to "Western Europe," literally covers too much ground. It will have to be handled on a selective rather than comprehensive basis, since it is impossible to consider more than a few countries in this brief span. France, Germany, Norway, and Sweden have been chosen for this comparison.

Before turning to individual countries, a few general characteristics may be mentioned. As is widely true in the United States, the grievance procedure replaces the possible alternative of direct action. Resort to force by either party to settle disputes of right is prohibited by law or agreement.

Local unions, which play a large role in grievance handling in this country, are lacking in France and Germany. They do exist in Norway and Sweden, but their jurisdiction usually covers all the plants of an industry within a considerable area. Only in Sweden do they have a role in the in-plant grievance procedure. In general, then, the system of employee representation within the plant is not a supplement to local unionism, but a substitute for it.

Grievances are raised much less frequently in most European

[1] i.e., disputes regarding the interpretation and application of a labor agreement (or labor legislation), as distinguished from disputes of interest, which concern the drafting of the agreement.

countries than in the United States. One reason for this difference is that European agreements place fewer limitations on the rights of management. Many subjects that are covered by American agreements usually remain within the realm of the prerogatives of European management. For example, an issue is seldom raised regarding job assignment, subcontracting, promotion, transfer, or the assignment of overtime.

Finally, in other countries the procedural steps are not spelled out in such detail as in American agreements. The methods are informal and flexible. Wide latitude in the selection of alternative paths is left to the employee and his representatives.

Our description of the four national grievance systems will be divided into three sections dealing with the procedures at the plant or company level, the organization level, and the government level. The following description relates to grievances raised by employees. Those initiated by management normally go directly to the organization level and move rapidly to the government level.[2]

PLANT-LEVEL PROCEDURES

FRANCE

The shop steward system is the principal channel for local grievances in France. It finds its basis in the Law of April 16, 1946. The stewards are nominated only by the unions, but they are elected annually under proportional representation by the votes of all employees—regardless of union membership or non-membership—who are at least 18 years old and have worked at least six months in the plant.

Stewards benefit from a limited amount of special protection. Discharge of a steward requires the prior approval of the works council,[3] the factory inspector, or the Labor Court. In case of dismissal for inadequate cause, the employer may be required to continue the steward on the payroll and to grant him plant access for the performance of his representational duties, but need not put him

[2] The material that follows is drawn from publications of Galenson, Lorwin, Neufeld, and Norgren; from interivews conducted by the author in 1953 and 1960; and from indicated private reports.

[3] The works council (or plant committee) is a similarly elected body, whose principal function, in practice, is to participate with management in the administration of plant welfare programs, although it is also supposed to promote productivity by channeling employee suggestions to management and channeling to the employees information obtained from management regarding the economic condition of the enterprise.

back to work. This protection applies from the moment of nomination until six months after completion of the term of office.

The grieving employee is under no obligation to make use of the steward system. He has free choice among at least six alternatives for the direct presentation of his grievance. He may take it to his foreman, the plant manager, or a steward; or he may omit discussion at the plant level and turn at once to the factory inspector, a union district official, or even the Labor Court.

In actual practice, he frequently turns first to the foreman; but, since the foreman normally has little authority, he may consider this a waste of time and go at once to a steward, who will probably confer with the plant manager.

GERMANY [4]

In Germany local grievance handling is centered largely in the works council, which is established in accordance with the Plant Constitution Law of 1952. Candidates are nominated in lists signed by a tenth of the eligible voters. In practice, most of the nominating petitions are arranged by the unions that have members in the plant. The councilors are elected under proportional representation for two years by union and nonunion employees at least 18 years old.

A councilor may be discharged only for an offense that is serious enough to justify dismissal without prior notice—roughly comparable to our "just cause" for discharge. He has priority against layoff, even to the extent of transfer.

Shop stewards play a lesser role in grievance handling. The steward system in Germany is a development of only the past decade. It has no legislative basis and is seldom mentioned even in plant agreements. It has been introduced by most unions as a means of obtaining a physical presence in the workshop. Some unions appoint their shop stewards, while others provide for their election by the union members in each department of the plant.

The employee has the choice of presenting his complaint to a foreman, a steward, or a councilor. If the issue is a minor one, he may well turn first to the foreman, but in most cases he will go directly to the works council office unless a steward is more accessible. The steward may attempt settlement with the foreman or transmit the grievance to the works council.

[4] This section draws in part on a report prepared by Werner O. Flechtner.

When the complaint reaches the council there may be an initial investigation, during which a councilor confers with the foreman. The merits may then be discussed by the officers or the grievance committee of the council. Complaints supported by the council will then be taken, depending on their nature, to the department head, the plant superintendent, or—most frequently—the personnel manager.

NORWAY [5]

In Norway, unlike France and Germany, there are local craft or industrial unions, whose membership may be limited to a single large plant or may cover a fairly large geographical area; but these locals play no role in grievance handling. This function belongs instead to the shop stewards, whose existence stems not from law but from national agreement.

The Metal Workers' agreement of 1907 contained the first provisions for shop stewards, but the present economy-wide system was introduced by the Basic Agreement of 1935 between the labor and management national confederations. In Norway, unlike most European countries, only union members may vote for stewards. This limitation, however, does not exclude many Norwegian employees.

Stewards have no special protection against layoff, but may be discharged only for just cause after notification to the other stewards followed by a four-week period of notice to the employee.

As in other countries, there is no fixed sequence of steps to the grievance procedure. Normally the aggrieved employee will take his complaint to a steward, who may confer with the foreman. Another step is a conference between the chief steward and the personnel director or the plant manager. A final optional step before the issue leaves the plant level involves inviting representatives of the relevant national union and employers' association to come and assist the parties in seeking a settlement.

SWEDEN [6]

In contrast to the practice in the other three countries, the unions in Sweden provide the customary channel for in-plant grievance handling. Local procedures are based more on union bylaws

[5] A report prepared by Anders Mörk serves as a partial basis for this section.
[6] This section is based in part on a report prepared by Karl-Axel Nordfors.

than on law or agreement. The local union is often subdivided into "clubs." Some of the largest plants have their own local, with a club in each major department. More frequently, a local covers a wider area and has factory clubs in the larger plants. Each club and each local has a chairman and small executive board elected by its members.

In recent years a shop steward system has been introduced in a few of the larger plants. The stewards sometimes prove to be the same individuals as the local or club officers. In other cases they assist the officers, serving as a channel for the receipt of dues and grievances.

Stewards and union officials have no special protection against retaliation—and we must recognize that in Sweden they probably need none. They do benefit from the general ban against penalization for union activity.

An aggrieved employee will normally present his complaint to the first of the following individuals who is available in his plant or community: a steward, the chairman or other officer of his club, or an officer of his local. A steward or club chairman, if unsuccessful in his attempt at settlement, will pass the grievance up to the next step. The chairman of the local union thus becomes the chief grievance negotiator for the employees at the plant level, even though he may be employed in a different plant in the same community. Stewards and club officers deal normally with lower management, while the local chairman or board members deal with top management.

ORGANIZATION-LEVEL PROCEDURES

In most West-European countries a major attempt at grievance settlement is often made between a national union and employers' association. This European practice is but natural in view of the fact that most of the applicable agreements have been negotiated on an industry-wide basis by these very organizations.

When a French steward is unable to achieve a settlement with plant management, the employee turns to the district office of his national union or of his national confederation. The union official will often confer with the employer by telephone. If this exploration reveals a possibility of settlement, a personal conference may be arranged. If the union secretary concludes that the employer is mistaken but adamant, he may try to enlist the aid of the relevant employers' association. The organizations serve in a mediatory

capacity. Agreement reached between them is not binding on either of the parties.

Practically all major national and regional agreements provide for a bipartite conciliation commission, consisting usually of two representatives of each signatory union and an equal number named by the employers' association. Their function is to consider disputes regarding the interpretation of the agreement. In many industries they deal only with "group" disputes, but about half of the agreements permit them to consider "individual" disputes. There is no obligation to refer an unsettled grievance to them, but there is usually a contractual obligation not to resort to direct action on an interpretation issue until the commission has tried to settle it.

In Germany also, the employee may carry his case to a district union official, who will usually confer with plant management and may seek the help of the employers' association. The probability of a full discussion of the case by the union and company officials appears to be somewhat greater in Germany than in France. Germany also has conciliation commissions, but they differ in many respects from their French counterparts and rarely deal with an individual grievance.

In Norway, the organizations negotiate directly on grievances, and settlements at this level are binding upon the parties. Grievances are referred from the plant to the national union office. On the employer's side they are referred not to the national association for the industry but to the central confederation. The only exception is in the steel industry, since it is the only industry whose association is staffed to handle grievances. The confederation estimates that it is able to settle, by negotiation with the various national unions, about 98 percent of the grievances referred to it.

Organizational procedure in Sweden is regulated by the Basic Agreement. The dispute is referred to the two national industrial federations, which normally each name a representative to conduct further local negotiations with the parties at the plant. If this step is unsuccessful, it is followed by central negotiations between the two federations.

GOVERNMENT-LEVEL PROCEDURES

The final step for ultimate settlement of unresolved grievances in all of the countries under consideration is the Labor Court.

The Labor Courts in each country include lay judges, who in

most cases are appointed by the Government from a panel of persons nominated by the unions and employers' associations. These courts usually have one or more neutral members, but in France they are bipartite. Here the court secretary often guides the lay judges toward a consensus, so that the need to add a neutral judge to break a tie seldom arises.

Sweden has only a single Labor Court. In Norway some cases go to local labor courts and may be appealed to the national court. In France appeal from the local court decision is possible only if the claim exceeds about $300, in which case it goes to a special chamber of a regular appellate court that deals only with labor cases. Germany has local, state, and national tripartite labor courts.

In France and Germany strong emphasis is placed on conciliation, and a separate preliminary session is held for this purpose.[7] The conciliation efforts are highly successful. It may be estimated that of all cases filed with the labor courts less than 30 percent reach a contested decision in France and only about 10 percent in Germany.[8] A special conciliation effort is unnecessary in Norway and Sweden because of the careful screening of cases by the national organizations. As a result of this intensive negotiation at the national level, the labor courts of Norway and Sweden normally receive only 40 to 60 cases a year as compared to about 50,000 in France, where the employee may go directly to court without any preliminary negotiation.

CONCLUSIONS

At the plant level we note first that in all four countries employee representatives are generally available to handle grievances. To be sure, there are many plants in France where the employees have not exercised their legal right to elect shop stewards and there are some in Germany where a works council has not been chosen; but, on the other hand, elections are held in many plants where only a small proportion of the employees are union members—a situation rarely found in the United States. In Norway and Sweden there are very few firms of any size that have no employee representative working

[7] Preliminary sessions are also held in Sweden, but are devoted to instructing the parties regarding the organization of their presentation and the nature of proofs that they should present.

[8] For data on France see W. H. McPherson, "Les Conseils de Prud'hommes: une Analyse de leur Fonctionnement," *Droit Social,* January, 1962, p. 24. For data on Germany see *ibid.*, "Basic Issues in German Labor Court Structure," *Labor Law Journal,* June, 1954, p. 444.

in the plant. We tend to forget that effective grievance channels are lacking in a great many plants in our own country. We may conclude that in our European countries employee representatives are probably available in a higher proportion of the establishments than in the United States.

Concerning the adequacy of the number of representatives in each plant, there is considerable variation. The number of representatives would clearly be inadequate in all four countries if the volume of grievances were as great as in the United States, but this is not the case. As mentioned at the outset, one reason for the smaller number of grievances is the narrower content of the collective agreements, which limits the nature of the issues that may be raised.

A second reason is job insecurity. In most European countries it is legally permissible to terminate an individual employee (other than a representative) for any or no reason, provided he is given adequate advance notice or pay in lieu thereof. Consequently some employees hesitate to raise a grievance and many more are reluctant to press it to final determination. The vast majority of cases in the French and German Labor Courts are brought by employees already terminated.

I have the impression that a third reason for fewer grievances can be found in the area of the general attitude of the employees toward their job and their employer. I believe that European employees tend to be less grievance-prone than American workers and that there is less inclination among European than American unions to try to stretch the provisions of an agreement. I would suggest that perhaps in the country where the employees talk the least about "class warfare" their actions give the most indication of a hostile attitude. I cannot substantiate this impression. I mention it only as an interesting topic for future research.

A final reason for fewer grievances may be that, at least in the Scandinavian countries, where there is nearly universal employer acceptance of unionism, companies are more careful to observe the full spirit of the agreements and give less occasion for complaint.

Whatever the reasons for the lesser volume of grievances, we must conclude that the European systems are sufficiently flexible so that most plants have enough representatives to handle the job.

One respect in which the American system is clearly superior is in the protection afforded employee representatives. In general our rank-and-file worker has more job security than the employee

representative in continental Europe. Of our four countries, Germany grants the most protection. France goes almost as far. In the other countries the ruling on an unjustified dismissal usually gives the employer the choice of reinstatement or lump-sum damages. I believe American experience proves that those Europeans are mistaken who think that it would be highly improper to require an employer under certain circumstances to continue in his employ a worker who is at the moment *persona non grata.*

European procedures differ from the American in that there is no specification as to who represents management in grievance discussions. Above the foreman level there appear to be wide variations, even within each country. Pending further study we can only guess that usually in the small plants it is the owner, in medium plants the shop manager, and in large plants the personnel director.

A final difference regarding plant-level procedures is a smaller number of steps in the European systems. This would suggest that American employers and unions might do well to check the number of settlements achieved at each of their intermediate steps to see whether one of these might not be discontinued in order to reduce total grievance-handling time and expedite final settlement.

A comparison of procedures at the organization level reveals sharp contrasts. In France and Germany the organizations act only in a mediatory capacity and do not very often sit down together for a thorough analysis of a case at any of the local, regional, or national levels. In Norway and Sweden, on the other hand, there is a very careful negotiation of cases between the national organizations, which resolves all but the most difficult issues. Their experience appears to indicate that thorough discussion at this level is well worthwhile, provided there is a good working relationship between the organizations.

Finally, a few contrasts may be noted regarding settlement at the government level. The significant variation with regard to the composition of the Labor Courts is that there are only lay judges on the French Labor Courts, whereas the other countries add one or three neutral judges. Also, in France the lay judges are elected by the employers and employees, while in the other countries they are government-appointed upon nomination by the organizations. The bipartite aspect works very well in France, but I consider the appointment of lay judges preferable to their election.

The most significant difference regarding the functioning of the

labor courts is the variation with reference to access. In France and Germany, every employer and employee has the right of direct access to the court.

In Norway and Sweden, on the other hand, only the organizations have access to the Labor Court. The function of the Court is to rule on alleged violations of labor agreements, and such an allegation will not be heard unless it is supported by one of the contracting parties. Such an arrangement would probably be less satisfactory were it not for the two facts that in these countries (1) nearly all employee rights stem from labor agreements rather than labor legislation and (2) nearly all employees are union members.

In summary appraisal of the merits of the labor courts of these four countries it may be said that they usually provide at very low direct cost to the parties a rapid determination of the issue under an informal procedure by persons who, as employers or as employees or as jurists who specialize on labor cases, have a considerable understanding of the problems with which they deal.

MIDDLE-WAY APPROACHES TO UNION SECURITY IN SWITZERLAND, CANADA AND COLUMBIA

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The question of union security, that is, of compulsory versus voluntary unionism has been a subject of controversy not only in the United States but also in many other countries.

The complexity of the problem has been recognized by the International Labor Organization in its capacity as the international "lawmaker" in the field of industrial relations. In its "conventions" dealing with this question, the ILO has firmly established the positive freedom of association, that is, the worker's freedom to belong to a union of his choice. But these conventions have nothing to say regarding the negative freedom of association, the freedom not to belong to a union. This question has been left subject to regulation by each member nation.

Thus each country has been searching for a solution to this perplexing problem in its own way. The legislation regulating the question of union security in various countries ranges all the way from compulsory unionism by force of law (New Zealand, Ghana), through permitting all or only some types of compulsory unionism, to absolute prohibition of all kinds of union security clauses in collective agreements.

Recently, we have been witnessing the emergence of a new system of union security, which represents a middle-way approach to this problem. Under this system, there is no compulsory unionism involved but in its place nonmembers pay their share of the costs of collective bargaining from which they benefit. In Switzerland and in Columbia these systems have been introduced by the respective labor laws as the only permissible type of union security in these countries, while the Canadian system known as the "Rand formula" is rather widely practiced despite the fact that the labor legislation of this country permits all types of compulsory unionism.

This paper proposes briefly to examine these systems, to make certain comparisons, and to draw some general conclusions as to their merits and significance.

THE SWISS SYSTEM OF "CONTRIBUTIONS OF SOLIDARITY"

In Switzerland, the closed shop or other forms of compulsory unionism have never been widely used or strived for. A typical agreement of this kind was an agreement between a union and an employers' association providing that employers belonging to the contracting association would hire only members of the contracting union and union members would work only for employers belonging to the contracting association. The contracting parties would also agree that they would try to bring everybody in their branch of economic activity into their respective organizations, or at least to persuade unorganized employers to join the original agreement or to sign similar individual agreements. The aim of an agreement of this type was, of course, to protect both parties against "outsiders" who would engage in wage- and price-cutting.[1]

Actually, the closed shop was known only in a few branches of industry—originally in the watchmaking industry and later in building and litography, as well as in agreements with cooperative societies. Apparently, Swiss labor leaders ". . . realized very early that people who are forced into an organization instead of joining it voluntarily are inevitably the worst and most awkward members and are bound to be a source of extra trouble."[2]

For a long time, the Swiss Supreme Court found "nothing reprehensible" in clauses in collective agreements providing for the closed shop.[3] Its attitude changed to a certain extent in its decisions of 1925 and 1928.[4] In these cases the Court ruled that, in view of the fact that the defendant union and its parent federation (The Swiss Federation of Trade Unions) were socialist in their final aims and, thus, were not politically neutral associations of workers, a worker could not be compelled to join the contracting union as a condition of employment. An additional factor in the first case was the fact that the plaintiff could not find any other employment.

[1] Some agreements provided only for the union shop or preferential hiring, or stipulated that a worker must be a member of a union but not necessarily of the contracting union. On the other hand, many agreements emphasized full freedom of association.

[2] Ed. Schweingruber, *Entwicklungstendenzen in der Praxis des Gesamtarbeitsvertrages,* Zuerich, 1947, p. 36.

[3] Its decisions regarding this problem go back as far as the beginning of this century.

[4] Joder v. Federation of Swiss Metalworkers and Watchmakers, *Entscheidungen des schweizerischen Bundesgerichtes* (BGE), Vol. 51 (1925), Pt. II, pp. 525ff.; Joly v. Federation of Swiss Metalworkers and Watchmakers, BGE, Vol. 54 (1928), Pt. II, pp. 142ff.

The answer to the question whether a politically neutral union could have a valid closed shop agreement came, in a hypothetical form, in a decision of the Supreme Court in 1949.[5] In this case the Court stated categorically and without any qualifications that a clause providing that only union members could work under a collective agreement would be unlawful. In such a case, the Court argued, a worker "would be practically compelled to join the contracting union" and this "would doubtless mean an impermissible encroachment on so-called negative freedom of association, that is, on the right . . . not to join an association." Thus, union security clauses in collective agreements providing for the closed shop or other forms of compulsory unionism have been considered as definitely illegal since 1949.

Actually, the issue in this case was not the closed shop but a clause providing that the agreement would apply to all employees in the establishments covered by it and that nonmembers would have to pay so-called "contributions of solidarity" to help defray the costs of collective bargaining. This was a rather typical arrangement developed, along with closed shop agreements, long before the decision of 1949. Here it should be explained that there is no legislatively or judicially established principle of majority and exclusiveness in collective bargaining in Switzerland (as there is no compulsory collective bargaining). However, Swiss unions and employers typically insist—for obvious reasons—that collective agreements apply to all workers in the bargaining unit.

The Court decided that there is a vast difference between compelling a worker to join a union as a condition of employment and just obliging him to comply with the terms of a collective agreement and to pay for the benefits received by him. The Court could not see "how a worker could be injured in his right of personal liberty by being compelled to recognize a collective agreement that has been made also for his benefit" and concluded that it would be unfair if he could enjoy the benefits of a collective agreement without any financial burden on his part, while union members would pay their dues to enable the union to conclude a collective agreement.

As to the amount to be paid by "outsiders," the Court came to the conclusion that "contributions of solidarity" should be lower—

[5] Mueller und Landesverband Freier Schweizer Arbeiter v. Zuercher Autogewerbeverband und Schweizerischer Metal-und Uhrenarbeiterverband, BGE, Vol. 75 (1949), Pt. II, pp. 305ff.

in this case 50%—than union dues, since outsiders should only pay their proportional share of the costs of collective bargaining. Outsiders are excluded from other benefits received by union members in return for their regular dues, and they should pay only for the services and benefits that they receive under the terms of a collective agreement. Another important consideration was the fact that high contributions of solidarity, as compared with union dues, might indirectly compel a worker to join the contracting union.[6]

In this case, as in a similar case one year earlier, the plaintiff worker was a member of a union other than the contracting union. Thus the Court had to answer the question whether a contracting union could impose contributions of solidarity not only on unorganized workers but also on members of other unions not parties to the agreement. The answer was that no objection could be raised "if contributions of solidarity are collected also from workers who belong to a union which is not a party to the agreement; for their union did not contribute anything to the conclusion of the agreement." This was to be valid even in a situation, like in the present case, where the other union was excluded from negotiations, since under the principle of freedom of contract "employers as well as employees are free in their decisions with whom they wish to conclude a collective agreement," and "no association can make a legal claim that it be admitted to negotiations."[7]

The next important decisions of the Supreme Court regarding the question of compulsory unionism—this time involving directly the closed shop issue and pertaining to a national agreement covering practically all employers and workers in Swiss litography, a trade in which the closed shop had been in use for about 40 years—was made on July 3, 1956, and was handled in a routine manner. By that time is was well established in legal doctrine and judicial practice that closed shop clauses in collective agreements were unlawful, and the worker discharged for his nonmembership was awarded damages.[8]

This was the legal situation regarding union security clauses in

[6] In a previous decision regarding this issue (1948), the Supreme Court was of the opinion that a worker would not be indirectly compelled to join a union even if his contributions of solidarity were as high as union dues—but not higher.

[7] It should be mentioned that this was a rather exceptional case in this respect; most agreements of this kind had been imposing contributions only on unorganized workers.

[8] Hauser v. Schweizerischer Litographenbund und Litographia Zuerich, BGE, Vol. 82 (1956), Pt. II, pp. 308ff.

collective agreements established by the judicial interpretation of the general legal principles embodied in the Swiss Civil Code. Three months later, the Swiss Parliament passed a special law settling this question definitively by incorporating the principles thus far established by judicial practice into a specific statute.[9]

Under this law, clauses in collective agreements providing for union membership as a condition of employment are prohibited, but instead unions may bargain for "contributions of solidarity" to be paid by nonmembers. To assure that nonmembers are not indirectly compelled to join unions by having to pay relatively excessive amounts as compared with union dues, the law provides that the Swiss courts have the right to determine eventually in each case the proper amount of "contributions."

The Act imposes two restrictions on the system of "contributions of solidarity," as compared with the previously established judicial practice. In the first place, "contributions of solidarity" can be used only for defraying costs involved in the execution and application of collective agreements, or for welfare or other purposes benefiting all workers in the bargaining unit or in the trade as a whole.[10] Thus, nonmembers do not support unions as such but pay only for the purposes benefiting them directly.

Secondly, members of "minority" unions are protected by the provision specifying that a contracting union cannot exact "contributions" from members of another union if their union did not have an opportunity to join the original agreement or to sign a similar agreement—because, let's say, the employer refused to deal with this other union under the pressure of the majority union. For all practical purposes, this means that contributions of solidarity can be collected only from workers who are not organized at all.

This provision is more important in principle than in practice. It is true that the Swiss organized labor movement is pluralistic. Besides the Swiss Federation of Trade Unions, which is by far the largest and most influential organization, there are three other small federations—the Catholic Federation of Trade Unions, the Protestant Trade Unions, and the Association of Autonomous Unions—apart

[9] Bundesgesetz ueber die Allgemeinverbindlicherklaerung von Gesamtarbeitsvertraegen vom 28 September, 1956 (*Sammlung der eidgenoessischen Gesetze*, No. 55, Bern, December 29, 1956).

[10] This provision did not significantly change the actual situation, as contributions of solidarity had been in general used for these purposes.

from a few independent unions. However, the Swiss trade unions normally cooperate very closely in matters of collective bargaining and sign either joint agreements or similar individual agreements. At any rate, an agreement signed by one union would very seldom provide for "contributions" to be paid by members of another union, even in the absence of a legal restriction to this effect.

It should be noted that the Act of 1956 has been incorporated into the Swiss Civil Code and is not backed by any public sanctions. Its provisions regarding union security can be enforced only in actions in civil courts.

Although "contributions of solidarity" are at present the only permissible type of union security in Switzerland, no extensive use has actually been made of this system. Of some 900,000 workers covered by collective agreements, only 41,000 are bound by agreements providing for contributions of solidarity and only 7,800 of them pay these contributions as outsiders (not quite 1/5 of the workers covered by such agreements and less than 1% of all workers under collective agreements).[11]

Obviously, in some cases employers may not be too willing to subject nonmembers to "contributions." But sometimes unions themselves hesitate to bargain for this arrangement. They realize that the system has not only advantages but also certain drawbacks. E.g., once an outsider is issued a "work card" and receives all the benefits under the terms of a collective agreement for his "contributions," which are smaller than the union dues, he may be less inclined to join the union. That's why many collective agreements provide only that outsiders put up "deposits" to guarantee their compliance with the terms of the agreement.[12]

THE COLUMBIAN SYSTEM

Recently, the Swiss system of union security has been introduced in Columbia. Columbia, along with all other Latin American countries, fully guarantees in its constitution and in the labor code the

[11] F. W. Bigler, "Die Schweizerischen Regelungen ueber die Solidaritaetsbeitraege," *Gewerkschaftliche Rundschau* (Bern) July, 1961, pp. 201–206.

[12] In the case of an agreement between a union and an employers' association, also unorganized employers who join the original agreement pay contributions of solidarity or at least put up "deposits" to assure their compliance with the terms of the agreement.—See: Michael Dudra, "The Swiss System of Union Security," *Labor Law Journal,* March, 1959, pp. 165–174; Alexandre Berenstein, "Union Security and the Scope of Collective Agreements in Switzerland," *International Labor Review,* February, 1962, pp. 101–121.

positive freedom of association for workers and backs these guarantees with public sanctions.

In the same way, again like many other Latin American countries, Columbia guarantees and backs with public sanctions the negative freedom of association for its workers. The relevant provisions forbid "any industrial association to interfere either directly or indirectly with freedom of employment" and prohibit employers from interfering in any way with the worker's positive as well as negative freedom of association.[13]

Under this legislation, the closed shop and other clauses providing for union membership as a condition of employment are unlawful in Columbia. However, a recent amendment to the Columbian Labor Code provides that "unorganized workers who wish to benefit from a collective agreement shall pay to the union during the life of the agreement an amount equal to 50% of union dues" and that "the employer shall deduct from the wages of such workers corresponding amounts." [14]

Thus Columbia, while protecting the worker's positive and negative freedom of association, recognizes the necessity on the part of unorganized workers benefiting from collective agreements to pay their share of the costs of collective bargaining. The general principle involved is the same as in Switzerland, namely, that nonmembers pay only in proportion to the benefits they receive. However, while in Switzerland the amount of "contributions" paid by nonmembers may vary depending on the circumstances of each case, the Columbian Labor Code prescribes a fixed amount to be paid by nonmembers in each and every case.

Another important difference between these two systems is the fact that, while in Switzerland contributions of solidarity are only a bargainable subject, in Columbia unorganized workers are subject to contributions automatically and employers are required to collect these amounts from nonmembers (although they have no such duty to collect union dues as such). In Switzerland, some employers do deduct union dues as well as "contributions," but only if there is an agreement to this effect.

As to the question whether members of a union other than the contracting union can be made subject to contributions under the

[13] Labor Code of August 5, 1950, Sec. 375 (1) and Sec. 60.
[14] Legistlative Decree No. 0018 of February 8, 1958 (Diario Official, February 18, 1958).

existing Colunmbian legislation, nothing definite can be said at the present time. The law itself speaks only of unorganized workers as subject to contributions.

Although the employers in Columbia have the duty to bargain with unions, they do not follow the principle of majority and exclusiveness in their negotiations with unions. In principle, a collective agreement between an employer and a union covers only the members of the contracting union. Insofar as Columbia also has a pluralistic union movement, the above-raised question may become rather important, but has not yet been definitely settled either by law or by judicial interpretation.

In evaluating the Columbian system of union security, it should be remembered that the Columbian labor movement and collective bargaining are as yet relatively weak institutions [15] and that, consequently, the Columbian Government undertakes every possible measure to foster their growth. However, this aid does not extend as far as permitting clauses in collective agreements providing for union membership as a condition of employment.[16] Instead, "free riders" are automatically eliminated by force of law, which requires nonmembers to pay their contributions to the costs of collective bargaining.

THE CANADIAN RAND FORMULA

While in Switzerland and in Columbia the "middle-way" approaches to union security have been imposed by the legislatures of these countries as the only permissible type of union security, the situation in Canada is quite different in this respect.

In Canada, the relative strength and structure of unionism, labor legislation, and industrial relations in general resemble to a large extent those in the United States. Compulsory collective bargaining and the principle of majority and exclusiveness in collective bargaining are the basic features of the federal Industrial Relations and Disputes Investigation Act of 1948 and of the provincial legislation. However, with regard to the question under discussion, the labor law in Canada still follows in general the principle embodied in the

[15] It is estimated that the total union membership in Columbia does not exceed 500,000 (10% of the wage and salary earners). See Kurt Braun, *Labor in Columbia*, U. S. Dept. of Labor, March, 1962, p. 2.

[16] In Latin America such clauses are permitted specifically only in Mexico. See Michael Dudra, "The Statutory Regulation of Union Security in Latin America," *Labor Law Journal*, April, 1960, pp. 305–320.

original Wagner Act and permits all types of compulsory unionism.[17]

Nevertheless, according to the latest official survey, [18] 18% of collective agreements in manufacturing industries covering 22% of the workers (66,700) under the agreements analysed in the survey, contained only the so-called Rand formula. Under this formula, workers are not required to join the contracting union but the employer deducts union dues from union members as well as from nonmembers.

The original Rand formula was applied in the arbitration award made in 1946 by Justice I. C. Rand of the Canadian Supreme Court in a dispute between the United Automobile Workers and the Ford Motor Company of Canada.[19] In place of the union shop requested by the UAW, Justice Rand decided in favor of a universal check-off of union dues for both members and nonmembers. The award stipulated that all employees should have the right to participate in strike votes and that everybody should be freely admitted to union membership.

Justice Rand felt that a union shop "would deny the individual Canadian the right . . . to work independently of personal association with any organized group" but, since "the employees as a whole become the beneficiaries of union action," it was "equitable that all employees should . . . take the burden, along with the benefit."

Rand did not believe that his formula should be automatically applied in each and every case. Nevertheless, his idea has been spreading and is now incorporated in many collective agreements in Canada. At first, provisions for a universal check-off were accompanied by certain conditions similar to those contained in the original Rand award (nonmembers would have the right to participate in union elections, etc.). Gradually, however, the Rand formula has been transformed into a pure and simple "dues shop," without any restrictive clauses attached to it.

Today the "dues shop" is found not only in many of the abovementioned collective agreements in manufacturing industries (mining, iron and steel products, transportation equipment, and electrical ap-

[17] The federal act does not permit a discharge of an employee if he loses his membership in the contracting union for "dual unionism." Restrictions to this effect have also been recently passed in a few provinces.

[18] "Collective Agreements in Canadian Manufacturing Industries, 1956," *Labour Gazette* (Ottawa), April, 1957, pp. 454ff.

[19] The text of the award was published in *Labour Gazette*, January, 1946, pp. 123ff.

paratus) but also in the railroad industry, where some 180,000 workers are covered by such agreements.

Rand did not try to measure exactly the benefits received by nonmembers. He believed that the payment of regular union dues, not including initiation fees and assessments, would be an approximately fair "service fee," which would not seriously involve nonmembers in the payment for political or other union purposes of which they would not approve. Actually, he felt that the payment of union dues by nonmembers would tend to induce membership, but this would "promote that wider interest and control within the union which is the condition of progressive responsibility."

Today it is generally conceded that the "dues shop" has been rather helpful in increasing union membership, since many nonmembers join the union once they realize that they have to pay the union dues anyhow.

Regarding the legality of the Rand formula, only Ontario and Prince Edward Island specifically permit this type of union security, along with compulsory unionism.[20] However, it is generally accepted that the federal act and the labor laws of the other provinces permit such arrangements implicitly. The reasoning is that if these laws permit compulsory unionism, they certainly do not prohibit more liberal arrangements under which everybody benefiting from a collective agreement is only required to contribute to the payment of the costs of collective bargaining. Recently, the Supreme Court of Canada made a decision regarding this question under the Quebec law, which stated in general that employers and unions may negotiate agreements "respecting conditions of employment," without specifying whether union security clauses of any kind were permitted or prohibited in this province. The Court decided that the Rand formula was legal, since it pertains to "conditions of employment," has been used in many collective agreements in Canada, and is not prohibited by any law.[21]

The Rand formula seems to be acceptable to a large number of Canadian employers and to many unions. This can be seen not only from the fact that about 1/5 of the collective agreements in Canada contain this formula, but also from the general discussion surrounding this question.

[20] Saskatchewan permits compulsory unionism or "any other conditions in regard to employment."

[21] Le Syndicat Catholique des Employes de Magasines de Quebeck, Inc., v. La Compagnie Paquet Limitee, *Labour Gazette*, 1959, p. 289.

Of course, the organized labor movement in Canada is in principle in favor of the present legal provisions permitting all forms of union security. In addition, the unions support the adoption of the principle of a mandatory check-off by all federal and provincial labor laws.[22] But in practice, in many cases they settle for the Rand formula. On the other hand, there has been some agitation for "right-to-work" laws on the part of Canadian employers, but their proposals do not include the prohibition of the Rand formula. Actually, they even seem to be willing to accept the type of the union shop permitted in this country under the Taft-Hartley Act. What they really object to is the fact that the present legislation in Canada permits union security clauses in collective agreements under which a worker may lose his job if he loses his union membership in the contracting union for any reason whatsoever[23]—a situation that existed in this country under the original Wagner Act.[24]

COMPARISONS AND CONCLUSIONS

The type of union security discussed in this paper is, of course, not completely unknown in our industrial relations. So-called "agency shop" agreements providing only for the payment of dues by nonmembers have been emerging also in this country—mainly in the 19 states with "right-to-work" laws which prohibit all forms of compulsory unionism.

However, their significance is as yet quite small. In 1958–59, less than 1% of the collective agreements analyzed by the Bureau of Labor Statistics contained agency shop clauses.[25] A more recent private survey showed that the number of such agreements increased to 6%.[26] But in the majority of these cases agency shop clauses are

[22] Under the present federal and some provincial laws the check-off is left to the discretion of the bargaining parties; other provinces require individual authorization for deductions of union dues. On the other hand, many provinces require the employer to deduct union dues but only under certain circumstances.

[23] Provisions in the federal law and in some provinces that an employee may not be discharged if he loses his membership in the contracting union for "dual unionism," have not been effective. See Jurak v. Cunningham, *Labour Gazette*, April, 1960, p. 372.—Prince Edward Island is the only province which adopted this year an amendment under which a worker may lose his job only if he does not pay his dues to the contracting union.

[24] For management's views see, e.g., S .M. Gossage, "Should Canada Have Some Form of Right-to-Work Legislation?", *Industrial Canada*, July, 1958, pp. 194ff.

[25] Rose Theodore, "Union Security Provisions in Major Union Contracts, 1958–59," *Monthly Labor Review*, December, 1959, pp. 1348ff.

[26] 46 *LRR* 458 (October 17, 1960).

only supplementary to the basic arrangement providing for a modified shop or maintenance of membership. Moreover, in some cases agency shop provisions exempt from union membership only those few employees who refuse to join a union on "religious grounds."

Insignificant as this development has been, its further progress has been practically halted by recent legal developments. By now, 17 out of 19 states with right-to-work laws prohibit not only compulsory unionism but also agency shop agreements. This has been achieved either by specific legal provisions or—in the case of the right-to-work laws which are silent on this question—by judicial or attorneys' general interpretation. The final blow came—at least temporarily—when a U. S. Court of Appeals decided this summer in the General Motors case in Indiana that the agency shop is illegal also under the Taft-Hartley Act.[27]

The agency shop can be criticized on the grounds that it typically provides for the payment of full union dues by nonmembers. To this extent, nonmembers are overcharged for the services they receive and a part of their money supports union purposes and activities of which they might not approve. One could also argue that these relatively high contributions might constitute too strong an indirect inducement for nonmembers to join unions.[28] The same criticism applies to the Canadian Rand formula.

More equitable in this respect is the Swiss and the Columbian type of the agency shop, where nonmembers are taxed only in proportion to the benefits received by them. In addition, in Switzerland the amounts paid by nonmembers are earmarked for the purposes directly connected with the execution and application of collective agreements or for purposes benefiting everybody in the bargaining unit or in the trade as a whole.

Thus, under the Swiss system unions are reimbursed for their services as bargaining agents by everybody benefiting from these services, so that there are no "free riders," but on the other hand workers are fully protected in their freedom of association by having a choice to join unions or to pay only for the benefits received under the terms of collective agreements. This system seems to be fully

[27] General Motors Corp. v. NLRB, CCH, 45 *Labor Cases* #17,655.

[28] It is interesting to note that the Attorney General of North Dakota was of the opinion that the agency shop is legal under that state's right-to-work law, but nonmembers may not be required to pay full union dues. See *Opinion* of Leslie R. Burgum, Attorney General of North Dakota, August 24, 1959.

accepted not only by the Swiss public in general, but also by all the parties directly concerned.

The acceptance of the system of contributions of solidarity by the Swiss unions can be better understood if one remembers that the organized labor movement in Switzerland is rather strong and well established. It is estimated that some 50% of non-agricultural workers in Switzerland are unionized. Moreover, Swiss employers fully accept unions and bargain with them as a matter of fact, without any legal compulsion to this effect. Under these circumstances, Swiss unions are in general less dependent on any traditional union security clauses and accept contributions of solidarity as an arrangement fair to everybody concerned.

On the other hand, one should also remember that in Switzerland, as in Europe in general, unions are politically and denominationally oriented in their programs and activities. Under these conditions, compelling a worker to join a union when he does not share its political or religious views is a much more serious matter than in the case of a pure and simple "business unionism." The same problem exists in Canada where besides the Canadian Labour Congress there is the Catholic Federation of Trade Unions, and in Columbia where one of the two union federations—the Confederation of Columbian Workers—is aligned with a political party, and the other—the Union of Columbian Workers—closely cooperates with the Catholic Church.

DISCUSSION

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For reasons which will emerge clearly, I hope, from the reading of this brief discussion, I do not propose to become bogged down in the details of these three excellent papers, stimulating and discussion-worthy though they undoubtedly are. Instead, I shall consider primarily two allied issues which they have brought to the fore, namely, the place and significance of a study of comparative international labor problems in American economics, and the function of an academic critic in analyzing the short papers of academic authors.

Let me begin by casting myself in the role of "elder statesman," or perhaps more modestly, by simply running the risk of making it clear that my years are showing. In any case, I cannot resist the temptation to express my happy appreciation of the fact that the subject of "Comparative International Labor Studies" has been chosen for a full-fledged session of the I.R.R.A. It is a field in which I have been interested for many years, but in which, at an earlier period, I often felt like a cross between a pioneer and a lone wolf, since few if any other American economists seemed either to know or care anything about international labor problems.

In the recent past, of course, with our ramifying involvements in international affairs, there has been a gratifying change, and this program represents a striking if long-delayed recognition of the vital significance of international labor comparisons. Today, during the course of any academic year, one is likely to find several American economists working in or around Geneva, whereas during my earlier sojourns there I was invariably the only one in sight. Thus I cannot refrain from feeling something of the satisfaction of the actor whose play has finally come into the limelight.

But enough of this personal reaction. Still, it deserves to be emphasized that one of the most significant aspects of this session is the fact that it is being held at all—that a major place on the agenda has been assigned to this topic. Our growing American concern with the field of international labor is another indication of our fading isolationism and increasing awareness of our international responsibilities and forced participation in world-wide affairs.

This is particularly true in connection with labor problems, which in a very real sense comprise the shock troops and reconnaissance patrols of the Cold War; for here is where the vital struggle between communist totalitarianism and capitalist democracy is joined, in the decisive competitive bidding for the allegiance of the working classes of the world. It is by no means a mere play on words to assert that the present-day labor economist is in the forefront of the Cold War, and that his investigations and analyses of international labor developments represent a major contribution to the strengthening of the free world.

Now for my second topic—the function of the critic. Clearly it is both impossible and unnecessary to consider the details of the broad-based comparisons emphasized in the papers we have just heard, especially since this type of subject-matter makes the role of the critic both easy and invidious, and serves to illustrate the fact that the task of the wise critic is to appreciate and to gain perspective rather than, or at least as well as, to find fault and to tear apart. In fact, in the academic world we are often all too prone to ignore the gap between differences and weaknesses, and to assume that what is different from the way in which we might have handled a subject must be wrong.

Thus nothing would be easier than for myself, acting as a critic, to assert that each of our three authors had been guilty of this, that or the other sin of omission, misplaced emphasis or inadequate coverage; but in all probability these very ideas would have occurred to the authors as well as to the critic, and would have been discarded for reasons which seemed both justifiable and defensible. Obviously it is impossible to present a full and complete comparison of any field of activity in three or four countries or ports within the compass of 3500 words. Selectivity carried to heroic proportions is inevitably the only possible basis of procedure; and there is nothing to warrant the conclusion that the selective criteria of the critic, who spent comparatively little time on the matter, are any better than those of the author, who invested far more intellectual "blood, sweat and tears" and is usually much more familiar with the details of his topic.

Consequently I am content to accept the papers as they stand, and to focus attention upon their extremely valuable contribution to our often provincial and frequently condescending understanding of the labor problems and procedures of other countries, rather than to overemphasize alleged shortcomings of coverage or interpretation.

In concluding, let me simply attempt to characterize in a few phrases the essence of the insights provided in each paper. The first brought out again the basic differences between shoreside and maritime labor, emphasized the strategic importance of local customs and practices among dock workers, and verified the fact that the interests of individual workers are not necessarily synonymous with those of their unions. The second, while dealing primarily with the procedural aspects of grievance settlements, illustrated once more the subtle and intriguing variations between neighboring national cultures and traditions, as well as the more fundamental differences between widely-separated economic systems such as those of the United States and Western Europe. And the third, in outlining the Swiss, Columbian and Canadian approaches to union security, provided what may well serve as a valuable suggestion for dealing with our own agency shop problem, namely, the concept that a non-unionist profiting from a collective bargaining agreement should be charged only for what he gets, and not more. Specifically, this would mean that he would pay not full union dues plus initiation fee, as frequently required at present, but only that percentage of union dues devoted to the pursuit of collective bargaining, as distinct and separable, even though roughly, from various other union activities from which the non-member is excluded.

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It seems most useful to attempt a short critique of the papers rather than to dwell on their many valuable contributions—contributions which you may be able to appreciate even more when you have had an opportunity to read them.

I find one shortcoming common to all three papers. While I have learned much from them I nevertheless have the feeling that in a certain sense each gives me a kind of monorail effect. Without exception the three authors have tended to isolate industrial relations practices and systems and examine them almost in a vacuum. If the study of comparative labor movements is to make its full contribution to our understanding of industrial relations abroad, and if it is additionally to provide us reverse insights into some of our own

institutions, it should go beyond the limited framework set forth in each of these papers. I am not arguing that each time one studies labor relations in France he has to rewrite the whole French history. I do believe, however, that unless there is at least a minimum sketching in of economic, social and political factors, it is difficult to draw much juice out of the study of foreign industrial relations systems or labor movements. Here, from each of the three papers, are illustrations of what I mean.

Jensen describes the Marseilles dock workers, and he points out that despite a more favorable situation immediately after World War II, the French Confederation Generale du Travail (largest central labor federation in France) local on the docks of Marseilles failed to develop any significant role. He adds "Suffice to say that management in 1950 became tired of the politically motivated dock strikes called by the CGT and took steps to eliminate them and to break the opposition to a bonus plan instituted by the employers. It succeeded in breaking the control of the CGT to the extent that there has been no official recognition of unions or formal bargaining since that time."

Now what is it Jensen is really getting at here? The problem on the Marseilles docks in the 1950 period was related to the drive by the Communist party of France—which was then in control of most of the CGT, including the Marseilles dock workers' group—to prevent the entry of Marshall Plan shipments and to sabotage French economic recovery. Led by the socialist mayor of Marseilles, a series of groups including the employers broke the barrier which the Communists were attempting to set up, and in the process the Communist-dominated CGT Marseilles dock workers union was also smashed.

Contrast this with what happened at Le Havre, where in the '50's, as part of that port's war damage recovery program, the dockers collaborated with the employers in developing a highly successful bonus sharing scheme. I have not been at Le Havre since the mid-1950's, but at that time at least the union was quite strong, participated vigorously in the profit sharing scheme, the decasualization program, and so forth.

What was the difference between Le Havre and Marseilles? Simply the fact that although there was also a CGT local union at Le Havre when these events were going on, it was not under control of the Communists. The Le Havre local had very strong and militant

anarchosyndical, *non-Communist* leadership. The militance of this leadership did not prevent it from making a good, strong bargain with its employers, but its non-Communist orientation prevented it from falling into the political chaos that overtook the Marseilles dock workers.

This is an example of how it is necessary to sketch in basic institutional forces if one is to understand unions and work rule situations in countries abroad.

Now to Mr. Dudra's very interesting paper on union security. I am sure many of you have shared the experience I have had in meetings with unionists from Western Europe who never cease to raise questions and often make criticisms of the American system of the closed and the union shop. Why is there such a gap between their attitude toward formal union security clauses and that of American unions. Dudra, it seems to me, and only at the very end of his paper, barely touches upon the critical underlying reasons, when he notes that "unions are politically and denominationally oriented in their programs and activities. Under these conditions, compelling a worker to join a union when he does not share its political or religious views is a much more serious matter than in a case of pure and simple 'business unionism'." [such as is familiar in the United States.]

This is all right as far as it goes, but, beyond the fact of the political or religious orientation of Western European labor movements, one must also note that the very class structure of Western Europe made the kind of union security clauses won by American unions either unnecessary or impossible to achieve. A typical European worker was (and is) to a very important extent born into a class-conscious setting. As a youth he may be caught up in a Socialist youth movement and Socialist recreation activities. As he matures he also has an affiliation with a Socialist political party and perhaps with a related cooperative movement. Under these circumstances it becomes the norm—assuming unionism has gained the necessary minimal institutional acceptance in the society—*to join and maintain* union membership. He has less need of the kind of formal discipline which goes with union security clauses. Moreover, as Joseph Mire has pointed out, the very sense of class consciousness which makes it more "natural" and "automatic" for him to support his union, also makes him wary and suspicious about getting the employer—"the class enemy"—to do anything about collecting union dues. In the United States, worker class consciousness or class identity has

always been much more limited and most unions have found that without devices like the closed or union shop, it is difficult to hold their organizations together.

The failure to take into consideration European as against American class structure and class history, makes it difficult to do full justice to the subject of union security in collective bargaining.

Finally, a brief comment on the McPherson paper. It is undoubtedly true that European unions have laid less stress upon grievance procedures than have American unions. This must, however, be seen against a background situation in which collective agreements are not as all central to European labor systems as they are in the United States.

In most West European countries workers often make the conscious choice of going along the political party, legislative route to social and economic gains in some of the very areas American workers reserve exclusively to unionism and collective bargaining. In these European countries frequently paid vacations, paid holidays, pensions and health protection plans lie almost entirely outside of collective bargaining and are regulated by legislation. Thus the potential area for grievance action in collective bargaining is reduced.

Again, until the last decade, European capitalism and European industry were much less dynamic than their American counterpart. As a consequence, technological change was less frequent and less severe, plant shutdowns were less common, and in this critical area, too, the necessity for a strong grievance system has been less pressing.

Let me conclude by saying that much of this is now changing in Europe. Industrial and technological change in Europe are moving ahead at a tremendous clip today. This new pattern of change is already having a sharp impact upon union institutions and union programs. There is already, for example, some breakdown of central or national type of bargaining in some of these countries as unions seek to exploit significant breakthroughs in productivity which are being made by many individual employers. This is also apt to lead to greater use of local grievance procedures.

By the same token the new affluence which seems to be overtaking a greater part of European society is likely to reduce the traditional class consciousness of European workers, and this, too may have important consequences for European labor.

The foregoing, then, are the kinds of institutional considerations whose incorporation can help make studies of comparative labor systems more meaningful and more useful.

Part III

THE IMPACT OF EMPLOYER ASSOCIATIONS UPON INDUSTRIAL RELATIONS

A THEORY OF THE ORIGIN AND DEVELOPMENT OF EMPLOYER ASSOCIATIONS *

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The institutional setting for employer-employee relations in the United States has changed dramatically during the past century. Unions of workers were formed, expanded in scope and activity, and now represent, in the establishment of employment conditions, upwards of thirty percent of the labor force.[1] Similarly employers have banded together in associations of various types. Many deal directly with the employee-employer relationship. In 1962 there were probably over 5,000 such employer organizations—two or three times as many as fifty years ago.[2] Over one fifth of the collective bargaining units were multiemployer and accounted for over forty percent of the workers under union agreements.[3]

It seems quite relevant, therefore, to inquire regarding the origin and development of those institutions which increasingly represent employers in collective bargaining and in other employment and per-

[1] Harry P. Cohany, "Union Membership, 1958," *Monthly Labor Review,* Vol. 83 (January 1960), pp. 1–9.

[2] Precise estimates of the number of associations are not available due especially to overlapping jurisdictions of local, regional, and national associations, and the problems relating to counting the associations involved in multiemployer collective bargaining. The most relevant sources are the following: Clarence E. Bonnett, *Employers' Associations in the United States* (New York: Macmillan, 1922), p. 20; Helen S. Hoeber, "Collective Bargaining with Employer Associations," *Monthly Labor Review,* Vol. 49 (August 1939), p. 309; U. S. Department of Labor, Bureau of Labor Statistics, "Collective Bargaining with Associations and Groups of Employers," *Bull. No. 897* (Washington, D. C.: U. S. Government Printing Office, 1947), p. 13; Neil Chamberlain, "Structure of Bargaining Units in the United States," *Industrial and Labor Relations Review,* Vol. 10 (October 1956), pp. 13–14; Van Dusen Kennedy, "Association Bargaining," *Monthly Labor Review,* Vol. 82 (May 1959), pp. 539–542.

[3] Chamberlain, *op. cit.,* pp. 9, 12. Recent changes in employer cooperation in several basic industries are discussed by Mark L. Kahn, "Mutual Strike Aid in the Airlines"; William H. McPherson, "Cooperation Among Auto Managements in Collective Bargaining"; Jack Stieber, "Company Cooperation in Collective Bargaining in the Basic Steel Industry," IRRA *Proceedings* (May 6–7, 1960), pp. 595–620. See also Frank C. Pierson, "Recent Employer Alliances in Perspective," *Industrial Relations,* Vol. 1 (October 1961), pp. 39–56.

sonnel activities. Why do employers form associations? Under what conditions are they established? What factors hold an association together and what ones tear the organization apart?

My central thesis is the proposition that local employer associations which do deal directly with the employee-employer relationship arise exogenously and are purely responsive and adaptive in their development. Factors in the environment of the employer and not his endogenous interests in the labor market "cause" the formation of the associations. As those factors change, so will the nature and activities of the employer organization.

After a brief description of the types and functions of employer associations, an abbreviated history of a typical federated employer association in the Pacific Northwest will be presented. On the basis of this case study and other supplementary data, I shall point out several factors which are crucial to a theory of the origin and development of employer associations.

TYPES AND FUNCTIONS OF ASSOCIATIONS

There are several types of associations and these may be classified on the basis of function, geographic limitations, independence of other associations, market orientation, industry and so forth. This paper is concerned primarily with local groups, and especially those organizations of employers which have direct dealings with employees. These local employer associations may be independent autonomous entities. Some are a part of integrated regional or national organizations but function relatively autonomously in their own metropolitan or market areas. Or in a few cases, local groups of employers from different industries form local employer councils or federations.[4]

The functions of the local associations are many and varied but in the main can be confined to three major categories: (1) the usual trade association activities as public relations, advertising, setting product quality standards, and other attempts, both legal and otherwise, to influence product demand and price; (2) lobbying, supporting legislation, as right to work laws, tax relief proposals,

[4] Examples of the three types: Pacific Northwest Produce Association; local chapter, Associated General Contractors of America; San Francisco Employers' Council.

and other services or activities on matters which affect the industry and its relations to governments; and (3) personnel and labor relations, and the activities of employer groups in the labor market.[5] Rather obviously these categories are not mutually exclusive. It is my purpose, however, to concentrate attention on the relation of the employer association to the labor market and to use these relationships to develop some ideas regarding the origin and development of local employer organizations. My empirical data are drawn almost exclusively from associations among small firms in the construction, service, retailing, wholesaling, and manufacturing industries in the Pacific Northwest.

THE ASSOCIATED INDUSTRIES OF THE INLAND EMPIRE [6]

The Associated Industries of the Inland Empire (AI) began as the Builders' Exchange of Spokane, Wash., in 1910 and has been continually functioning since that time. This organization in 1958 was a federation of twenty-five industry-employer groups located in Spokane, Washington and surrounding area. The activities of AI were primarily the negotiation of labor union agreements for its members, the administration of those agreements including attention to health and welfare plans and pension funds, and secondarily, consultation on labor legislation and a little attention to personnel services as foreman training, wage and salary surveys, and so forth.

The immediate series of events which apparently precipitated the formation of the Builders' Exchange of Spokane was a string of disputes between the Spokane (Building) Trades Council and the

[5] A classification of employer organizations according to those functions which predominate in the association would consider category (1) an industry or trade association, (2) a community or "uplift" association, and (3) an employer (labor relations) association. These terms are used in subsequent descriptions and discussion to indicate a major change in functions of an association or to show major differences between two associations.

[6] The historical data contained in this section have been taken from the official minutes of the association. Not all years were available but sufficient supplementary materials were contained in the files of AI so that a rather complete record of activities could be obtained.

Quotes, unless otherwise stated, are from the minutes book for the year indicated.

I am deeply indebted to Mr. Richard W. Axtel, manager of AI until his unexpected death in March, 1962, and other staff members for their cooperation in making the files available and in discussing the activities and history of AI. The association, nor any of its officers, staff or members are in any way responsible for any judgment, opinion or conclusion regarding AI or its activities which may be expressed in this paper.

Master Builders in the summer of 1910.[7] Among the first official activities of the new Exchange was the formation of a "committee on arbitration" whose activities "settled" the immediate quarrels with the men. Discussion in the Exchange, however, continually "emphasized the difficulties which arise from the 'Working Rules' of the unions." The matter was specifically referred to a Labor Committee whose report in 1911 asserted that "wages have advanced (unchecked) to highest in the world," but "worse than wages are the shop rules, limits on labor, overtime charges, etc. . . . Unions will continue adding rules unless some concerted action checks it."[8] This report may well have set the tenor of the association for the next ten years.

The Exchange promptly became a broad-based organization and, in addition to its activities to check the encroachment of unions upon the employment relationship, moved into the area of legislative and public affairs. In 1912 membership eligibility of the Exchange was extended from only firms in the building industry to all employers and in 1914 to firms throughout eastern Washington and northern Idaho. In November 1915 its board of directors approved the "policy of this organization to enter into local public affairs when ever business interests are affected. . . ." A year later the Association endorsed city and country candidates and did extensive lobbying during the state legislative session in 1917.

In spite of general interests in public affairs, the philosophy and program of the Association rapidly assumed the shape of the typical "open shop" employer group. The attitude of the Association is well expressed by the membership committee early in 1916. The application for membership of the A & K Market (Spokane) had been deferred pending an investigation on whether the Market had signed up with the Butchers' union. When it was discovered that the Market had "ordered the union card off their premises and are conducting their operations open shop, giving employment to nonunion

[7] The Builders' Exchange was the forerunner of the modern day Construction Council in the building industry. Members of the Exchange worked with the architects on building plans and specifications, materials dealers were advised of contractor needs, and the whole range of problems faced by a builder were at times considered. Apparently a substantial amount of interest and effort were expended on these "industry" matters during the first two years of the Exchange and undoubtedly such interest contributed substantially to the organization of the Exchange.

[8] The Committee made its report on September 19, 1911 after holding "eleven sittings" and hearing fifty-five witnesses.

members as occasion may occur, your committee recommends the application for membership be accepted."

During the next three or four years intensive unionizing activities among many employee groups occurred in Spokane. Repeated attempts were made to gain union recognition and reach collective agreements. Strikes and other strife were common. The Industrial Workers of the World became quite active throughout the Pacific Northwest. The Centralia (Washington) riot in the fall of 1919 roused employers everywhere. The general resistance of employers, individually, and through the Employers' Association became exceedingly great.[9] Spokane remained essentially an open shop area although a few union agreements were made.[10] Most of the union gains during this period were lost in the next few years.

A major consequence of the union pressures during the World War I period was a change in the Association's structure in 1920. Membership had also expanded greatly and a more effective way of servicing the member firms was required. The Association divided into employer groups, called departments, which were based on industry or product interests of the firm. Each department was headed by a committee of three, the chairman of which was a member of the Association's Board of Directors. Thus a group of employer members when confronted by union activity had its essential organization already set and, at the same time, could take advantage of the over-all benefits of the open shop policy and support of the broader based membership of the entire association.[11]

AI prospered, as did the whole economy, during the decade of the twenties. Unionism was virtually stopped in its tracks and the functions of AI were devoted almost entirely to public affairs. Firms employing printers, plumbers and hod carriers did request association

[9] The Association developed a special "defense fund" to assist any group of member firms who were under "attack" by a union. This financial assistance was undoubtedly significant in the relative success of the Association in retaining the open shop in the area.

[10] The first agreement to be signed by the Employers' Association of the Inland Empire was completed with the Teamsters for the Spokane Warehouse and Transfer Men's Association in 1919.

[11] The 1920 constitution changed the name to Associated Industries of the Inland Empire and made specific provision to accept industry associations as members. The "Declaration of Principles," adopted at the same time, concluded with the statement: "Uphold and support for every organization or individual that stands for law and order, for the rights of the American citizen and for the American Plan of the Open Shop."

aid in 1927, for example, but otherwise labor market interests were reflected primarily in legislative activities.

AI would have folded as a consequence of the depression had it not been for the National Recovery Administration (NRA) and the repeal of prohibition. Membership dropped from nearly 300 firms in 1927 to 129 in 1935. But numerous industry groups were brought together in the development of NRA codes for industry and labor practices and turned to AI for assistance.[12] The support of unions by the National Industrial Recovery Act, and subsequently by the Wagner Act, stimulated appreciable union activity throughout the area. Employer groups who required specific help in confronting new organizing unions turned to the association. Furthermore, the Washington Brewers Association, rejuvenated by the legalization of beer and malts, affiliated with AI. Substantial funds from this source made possible the continuation of the employment of the Association's staff during the critical years of the depression.

The ten years ending at the close of World War II was a period of transition for AI. The prior stand for the open shop was gradually abandoned. This was a de facto recognition that some industry groups had become union. Other groups began systematically to make contracts with unions and AI assisted them. New industries came along, as the neon sign manufacturers in 1946, the supermarket groceries in 1948. Gradually, but steadily AI became a negotiating agency until by 1949, over 60 different contracts for over 150 member firms and associations were negotiated with the Spokane unions.

FACTORS IN ASSOCIATION GROWTH

I would not presume to build a complete theory from a single case study. But the history of AI in eastern Washington, when supplemented and compared to historical data from other areas and

[12] The situation of Spokane firms *vis-a-vis* the NRA and newly formed associations is graphically described in the minutes of AI in the fall of 1935. "The Trucking Industry lost considerable ground this spring and summer by reason of their being a branch of the Washington Trucking Association which was an outgrowth of the NRA and an attempt to put that industry under the NRA control. Many of the concerns—in fact practically all in Spokane joining the Washington Trucking Association, which organization entered into a union contract with the Teamsters Union—the local concerns thereby being considered to have union contracts by reason of membership in the state association. Since the failure of the NRA some of the local concerns realizing that the real purpose of the state association could not be accomplished, and not being in accord with having union contracts, have resigned from the state association. . . ."

other organizations, includes and reflects most of the elements crucial to the explanation of the origin and growth of employer associations. The relevant factors are (1) unions; (2) governmental agencies; (3) trade associations and product technology; and (4) monopsony. These factors with the exception of the fourth are environmental and exogenous to the firm. Although the "exploitative" possibilities of monopsony are endogenous and internal to the employer organization, it is the absence of this factor which lends further support to the central thesis of this paper.

UNIONS

The obvious and overwhelming impression from the brief description of the Associated Industries of the Inland Empire is the dominant role of unions and unionism in the origin and development of this association. The association was born from a need to resist the encroachment of unions upon employer decision making. The aggressive and even violent unionism of the World War I period drove the employers into a defensive-aggressive formation of antiunionists and open shop enthusiasts. Nor can one hardly deny that unions salvaged this association from collapse in the 1930's. Subsequent union success and growth gradually converted the employer organization into a negotiating agency on behalf of its members.

The principle in this case is clear enough: employers band together in response to the external threats of unionism. The association is a defense against unions. Employers, through the association, can prevent strong unions from using whipsaw tactics successfully against them. Nor can the direct union threat to the traditional managerial prerogatives be overlooked. Whether it is right or wrong, those who control and who have a strong self interest involved, are most reluctant to give up voluntarily any part of their decision making power. Employers are no different than others in this regard, and so have joined together in associations to reduce the bargaining power of the union *vis a vis* the employer.[13]

Hoxie observed as early as 1920 that "the employer association movement was in the beginning primarily defensive."[14] Others

[13] Once a union has successfully organized a group of employers, additional factors may assist the formation of a multiemployer bargaining unit and encourage growth in the size of such a unit. See Neil W. Chamberlain, *Labor* (New York, McGraw-Hill, 1958), pp. 168–174.

[14] Robert F. Hoxie, *Trade Unionism in the United States* (New York: D. Appleton and Company, 1922), p. 201. Hoxie is here writing about the period from the mid-1880's until about 1905.

have similarly commented regarding early employer combinations.[15] Developments in the past fifty years would also seem to justify fully these conclusions. The great majority of modern day associations came either with unions or subsequent to them. For example in San Francisco, where employers have organized on a very wide scale, the associational structure has largely developed since 1934 and concurrent with or subsequent to unionization in the respective industries and union jurisdictions.[16] Seventeen of twenty-one associations formed in Seattle between 1934 and 1942 "had labor relations as an important function, indicating a development paralleling that of labor organizations." [17] Carpenter, Slate, Bonnett, and a host of those writing on industry-wide and national bargaining also confirm that most employer associations arose in response to unions and union activity.[18] Kerr and Fisher aptly summarize the situation in that ". . . the organizational strength of the unions . . . surpassed that of the individual employers. . . . The organization of employers' associations was a rational act to prevent a further deterioration, and if possible achieve improvement, in the bargaining position of employers." [19]

GOVERNMENTAL AGENCIES

The growth of employer organizations has also been facilitated by the work of such governmental bodies as the NRA code authorities, the National Labor Relations Board (NLRB) and the National War Labor Board.[20] As reported above, the Associated Industries

[15] Bonnett, *op cit.*, pp. 15–34; W. H. Hutt, *The Theory of Collective Bargaining* (Glencoe, Illinois: The Free Press, 1954), pp. 49–59; (Hutt's discussion centers about early English combination of Masters). See also Clarence E. Bonnett, *History of Employers' Associations in the United States* (New York: Vantage Press, 1956).

[16] Clark Kerr and Lloyd H. Fisher, "Multiple-Employer Bargaining: the San Francisco Experience," *Insights into Labor Issues,* Richard A. Lester and Joseph Shister, eds., (New York: Macmillan Co., 1948), p. 26.

[17] W. S. Gramm, "Employer Association Development in Seattle and Vicinity" (unpublished M.A. Thesis, University of Washington), p. 123.

[18] Carpenter, *op. cit.*, pp. 28–34, Bonnett, *History . . . , op. cit.*; Daniel M. Slate, "Trade Union Behavior and the Local Employers' Association," *Industrial and Labor Relations Review,* Vol. 11 (October 1957), pp. 42–55; and for the summary of industry-wide studies, see Joseph Shister, "Collective Bargaining," in *A Decade of Industrial Relations Research,* Neil W. Chamberlain, Franck C. Pierson, Theresa Wolfson, eds., (New York: Harpers, 1958), pp. 57–58, fns 18 thru 29 especially.

[19] *Op. cit.*, p. 27.

[20] Frank C. Pierson, *Multi-Employer Bargaining, Nature and Scope,* in the Industry-Wide Collective Bargaining Series, George W. Taylor, ed., (Philadelphia: Univ. of Penn. Press, 1948), p. 35.

was significantly helped by the formation of several NRA industry groups, which, in some cases, became integral parts of AI. Other groups, as auto dealers, fuel oil dealers, the Washington Trucking Association, came into existence in connection with NRA activity.[21]

Employer groups have been similarly influenced by wage and NLRB regulations and the advantages of cooperation under such circumstances induced them to organize formally.[22] Early interpretations of the Wagner Act by the NLRB, which favored industrial unions over the craft union, encouraged industry-wide bargaining units and the formation of employer groups to conduct such negotiations.[23] Although the net effect of the NLRB through the past twenty years is not entirely clear, the host of conditions which prevent withdrawal of employers from group bargaining and the relative ease with which a firm may join, undoubtedly contribute to association bargaining and the importance of the employer association.[24] Clarification of the legal rights of employers has also encouraged the formation of formal associations.[25]

TRADE ASSOCIATIONS AND PRODUCT TECHNOLOGY

The trade association, which is built about product markets and along industry lines, is important in three respects. First, many product market oriented associations have been converted to handle labor problems, especially when unions came.[26] The 1920 reorganization of the Associated Industries reflected this pattern of development. Carpenter also observed that "when the union came, employers turned for help to their local trade or business organization if they were members of one. . . ." [27]

Second, the product orientation of the trade association (and employer associations) demonstrates the essential community of inter-

[21] See Carpenter, *op. cit.*, pp. 26–28, 69.
[22] Slate, *op. cit.*, p. 50–1.
[23] Neil W. Chamberlain, *Collective Bargaining* (New York: McGraw-Hill, 1951), p. 198.
[24] Begin with *Shipowners Association of the Pacific Coast et al.*, 7 NLRB 1002, (1938), and consult the series of cases reviewed in the succeeding annual reports of the NLRB relative to multiunit determination.
[25] See *Buffalo Linen Supply Co.*, 109 NLRB 447 (1955); 352 U. S. 818 1957), which substantially strengthens the employers' use of the association or industry-wide lockout and, in effect, declares that a strike against one employer is a strike against all in the bargaining unit.
[26] The case of monopsony is discussed below.
[27] *Op. cit.*, p. 34. The paragraph concludes: ". . . or else lacking adequate assistance from that source, they rushed into each other's arms for mutual consultation and support."

est of an association and highlights the effects and importance of new products and new methods upon existing organizations and upon the formation of new associations. Barnett in his study of the failure and survival of employer associations established around 1900 concluded that homogeniety of membership was a prerequisite to survival.[28] Others since have pointed out that the unifying forces for employers are greatest on an industry-wide basis coincident with product and labor markets.[29]

New products or the modification of old ones has led to the formation of new associations. Highway and bridge builders really came with the automobile, and thus in the 1920's and early '30's came the associations whose interests lay in heavy and highway construction. Subsequently, associations of auto dealers, garage repairmen, service station operators, parking lot owners grew up in nearly every city of any size. But also where highly competitive pressures work among a group of firms, specialization of function by firm leads to the breakdown of more general associations into specialty groups. The fragmentation of the construction industry along craft and specialty lines, although facilitated in part by unions, was also perpetrated by employers in search of "product jurisdiction." Similar division has taken place in the garment trades. Further specific changes in production methods may realign firms. Somers, for example, details the breakdown of the National Association of Manufacturers of Pressed and Blown Glassware over the introduction of machine methods of producing glass products.[30]

Finally the opportunities for collusion between organized employers and unions to restrain trade for their mutual advantage have encouraged the formation of trade associations and the growth of multi-employer bargaining units.[31] Small scale employers in indus-

[28] G. E. Barnett, "National and District Systems of Collective Bargaining in the United States," *Quarterly Journal of Economics,* Vol. XXVI, (May, 1912).

[29] See industry-wide studies referred to in footnote 18.

[30] Gerald G. Somers, "Pressures on an Employers' Association in Collective Bargaining," *Industrial and Labor Relations Review,* Vol. 6, (July 1953), pp. 557–569.

[31] Trade associations have been and are continually under suspicion for acts in restraint of trade. For a discussion of the legal aspects of trade association activities, see G. P. Lamb and Sumner S. Kittelle, *Trade Association Law and Practice* (Boston: Little, Brown and Company, 1956), pp. 3–30.

The interests of employers in price fixing, market quotas, and similar restraints of trade thru associations arise from the endogenous profit-making motive of the business enterprise. The collusive behavior of unions and such trade associations, however, is clearly product market oriented.

tries which have suffered from price wars and cut-throat competition welcome the standardization of wage costs thru industry-wide association bargaining. Price competition is thereby regulated by the union wage floor and readily meets with the cooperation of the employers. The extent of such cooperation is by no means easy to estimate. Illegal restraint of trade activities which include employer associations and unions have been found most frequently in the garment trades, construction and trucking.[32]

MONOPSONY

The element of monosopy seems totally absent from any forces which bring forth employer associations. This is not to argue that monopsony has or has not been present to a significant degree in many labor markets. But it does suggest that the formal employer association does not constitute a fruitful method by which to pursue monoponistic advantages, if, in fact, they exist.[33]

Little attention has been given by trade associations and employer groups to wages and prices in the labor market, in the absence of unions. References to discussions on wages and working conditions among member firms or in the market area in the minutes and files of the Associated Industries of the Inland Empire were rare. Business conditions and prices were more frequently mentioned. Furthermore, in a survey of over a hundred different trade and employer associations in the Pacific Northwest, many of which have been active during the past fifty years, both with and without unions in their respective industries, I have yet to find a single one that arose for purposes related to the labor market unless unionization of workers was underway or accomplished. Carpenter summarily dismissed the interests of associations in nonunion labor market in New York City:

[32] Since the passage of the Sherman Act in 1890 just over a hundred indictments of associations which involved restraints of trade have been made. Fifty-six of these indictments included a labor union. Most of these cases occurred in construction, including building materials, trucking, clothing and cloth, and food. See Commerce Clearing House, *The Federal Antitrust Laws with Summary of Cases Instituted by the U. S., 1890–1951; 1952–1956; 1957–1959.* (New York: Blue Book, 1952, 1957, 1959).

Two students of collective bargaining conclude that the acceptance of unions by employers rests upon the actual and potential fruits of collusive behavior in "exploiting" the consumer. See Bonnett, *History, op cit.,* pp. 481–493; Hutt, *op. cit.,* pp. 131–145.

[33] A most enlightening recent study on monopsony is Robert Bunting, *Employer Concentration in Local Labor Markets* (Chapel Hill: University of North Carolina, 1962).

> "Until recent times, employers as a rule have given slight attention to labor problems. Before 1930, boards of trade, chambers of commerce, merchants' and manufacturers' associations, and other business groups concerned themselves with markets, raw materials, competition, and legislation, but had little time for labor relations. And if some farsighted member proposed the establishment of a labor-management research unit, or the introduction of a system of annual wage surveys, such ideas were rejected as too expensive for value received." [34]

It should not, in fact, be surprising to find so little concerted action on the part of employers in the labor market under nonunion conditions. Trade associations and local employer associations are surely confronted with far less elastic product demand curves than they are labor supply functions. Opportunities for monopolistic exploitation of product markets are more possible and subsequently greater gains are far more probable than such opportunities afford in the labor market. Furthermore, the absence of labor market wide associations, which would be most effective in obtaining monopsonistic advantages, confirms the lack of employer ability to establish labor market monopsony. Associations have developed anti-pirating conventions but these have been successful primarily during labor surplus periods when of very little use.

Most employers have been more concerned with the competition from "cheap" labor of their competitors and the fear of being undercut in product prices. The danger of losses in the product market lends support to building an "even floor" under wages rather than the group of employers attempting to establish a monopsonistic rate. Unions and minimum wage laws, and not employer cooperation, have been the successful means for obtaining the standard or stabilized wage.

SUMMARY

The origin and development of local employer (labor market oriented) associations have been discussed in terms of unions, governmental agencies, the industry trade association and product technology, and labor market monopsony. The evidence obtained from a case study of a federated employer association in the Pacific Northwest and from the results of previous studies is consistent with the

[34] Carpenter, *op. cit.*, p. 34. Any reference to monopsonistic behavior by employers is also strikingly absent from Bonnett, *History, op. cit.*

general thesis that the local employer association in the small firm industries arises from factors exogenous and external to the firm. The local employer associations adapt themselves to the institutional environment of the labor market. Both labor unions and the product market oriented trade association precede the employer association. The latter arises primarily as a defense against union power. Finally, labor market monopsony has been unrelated to the origin and development of the formal local employer association.

INFLUENCES OF EMPLOYER BARGAINING ASSOCIATIONS IN MANUFACTURING FIRMS *

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During the past quarter century, the organization and operations of employer bargaining associations in the United States have changed considerably. Originally, most employer bargaining associations were involved in the dual roles of negotiation and administration of labor agreements for their memberships. Today these roles have changed and include not only labor relations, but several other aspects of manpower management including: (a) *staffing* the member firms through the maintenance of employment offices and contacts with union hiring halls; (b) *training* of managers, particularly those of first line supervision; (c) provision of *employee benefits and services* through the administration of health and welfare funds, group insurance, and other types of benefits; (d) *wage and salary administration* as an attempt toward the standardization of wages, hours, and conditions of employment across the local labor market; and (e) *research* involving wage and salary surveys, personnel practices, and collective bargaining materials.[1]

Several studies have indicated that employers' associations have the following apparent effects upon manpower management programs in their constituent firms: lower manpower management program costs;[2] standardization in manpower management policies;[3] less decision-making on labor relations policy in the member firm;[4] and less employee unrest.[5] This paper will discuss one significant aspect

[1] William H. Smith. *Local Employers' Associations.* (Berkeley, California: Institute of Industrial Relations, University of California, 1955), pp. 17–45. For further information on purposes, objectives, and activities of employers' associations, see: National Industrial Council. *Operating an Industrial Relations Association.* (Washington, D. C.: February, 1954). 12 pp.; St. Paul Committee on Industrial Relations. "Solving Employee-Employer Problems." (St. Paul: n.d.) 12 pp.; Associated Industries of Minneapolis. "Constitution and By-Laws." (Minneapolis; June, 1952), 10 pp.

[2] Daniel M. Slate. "Trade-Union Behavior and the Local Employers' Association." *Industrial and Labor Relations Review,* Vol. 11 (October, 1957), p. 48.

[3] Jesse T. Carpenter. *Employers' Associations and Collective Bargaining in New York City.* (Ithaca, N. Y.: Cornell University Press, 1950), pp. 235–291.

[4] Smith, *op. cit.,* pp. 18–33. See also: Clark Kerr and Lloyd H. Fisher. "Multiple-Employer Bargaining: The San Francisco Experience." in *Insights into Labor Issues.* (New York: Macmillan, 1949), pp. 30–48; 53–55.

[5] Carpenter, *op. cit.,* pp. 235–291.

of the employer bargaining association's impact upon manpower management policies in member manufacturing firms—that of employee unrest.

BACKGROUND FACTORS

Although trade unions have been extensively studied in the United States, the employer bargaining association has been neglected for several reasons. *First,* the reticence of associations to reveal any information about their operations which stems partly from their previous history of open shop warfare and partly from the desire by the member firms to retain their anonymity. *Second,* the incomplete records of many associations on such items as comprehensive minutes of executive council meetings, copies of the association's constitution, and complete sets of negotiated contracts, have made it very difficult to obtain equivalent empirical data about associations.[6] *Third,* the numerical differences in the size of trade unions and employers' associations has led to a disproportionate emphasis on the study of trade unionism—e.g., contrast the millions of union members and thousands of locals against the thousands of association members and hundreds of associations. *Fourth,* due to their defensive and conservative attitudes, the employers' associations have not been considered as interesting from a sociological viewpoint as the political and social theories which underlie the foundation of trade union policy.

Lastly, there are no comparable figures on the growth of employers' associations of any type—metropolitan, state-wide, regional, or national—as there are on trade union growth. Bonnett[7] stated in 1922 that there were over 2,000 employers' associations in the United States that dealt with labor in one form or another. Hoeber[8] estimated that there were "probably 5,000 local or city employers' associations throughout the country" in 1939. Eight years later, the Bureau of Labor Statistics again stated that there were probably

[6] Carpenter states several reasons for unavailability of data. He notes: (1) difference in arrangement of content in labor contracts as one of the difficulties in comparison studies; and (2) the problem of obtaining reliable data. His study abandoned the idea of questionnaires on employers' associations and unions in New York City. See: Carpenter, *op. cit.,* pp. 375–382.

[7] Clarence E. Bonnett. *Employers' Associations in the United States.* (New York: Macmillan, 1922), p. 20. However, Bonnett's figures covered all of the different types of association in the United States at that time including national, regional, and local.

[8] Helen S. Hoeber. "Collective Bargaining with Employer Associations." *Monthly Labor Review,* Vol. 49 (August, 1939), p. 309.

5,000 local or city employer associations throughout the country dealing with unions.[9] The National Industrial Council presently states its membership as slightly over 400 employers' associations.[10] From these figures, it is obvious that no complete set of data on the growth or number of employer bargaining associations is available.[11]

Precisely, what has been investigated in this important area of employer bargaining associations?[12] A few publications have hypothesized relationships in labor relations with respect to: (1) organization of larger employer and employee bargaining structures; (2) standardization of wages, hours, and working conditions; and (3) negotiative and administrative strategies in bargaining.[13] However, most publications are predominantly oriented toward industry-wide bargaining rather than the local employers' association which contains many industries and deals with many different types of union.[14]

[9] U. S. Department of Labor, Bureau of Labor Statistics. "Collective Bargaining with Associations and Groups of Employers." *Bull. No. 897.* (Washington, D. C.: U. S. Government Printing Office, 1947), p. 13.

[10] National Industrial Council, *op. cit.,* p. 11. One possible reason for the discrepancy between this figure and the BLS figure is that frequently a parent employers' association may have several subordinate employers' associations.

[11] Earlier estimates included national, regional, and local employers' associations. Later estimates included only the local employers' association. However, today the data are divided in many studies into single-plant and multi-plant classifications with no determination as to national, regional, or local employers' associations. For example, see: Neil Chamberlain, "Structure of Bargaining Units in the U. S." *Industrial and Labor Relations Review.* Vol. 10 (October, 1956), pp. 13–14.

The British also have had the problem of few data on the growth or number of employers' associations. See: U. S. Department of Labor. *Report of the Commission on Industrial Relations in Great Britain.* (Washington, D. C.: U. S. Government Printing Office, 1938), pp. 3–7; 17–23; 146.

[12] Since 1900, about 50 articles and books have been published on employer bargaining associations with the majority of these appearing before 1920. During the same period of time, over 3,500 books and articles have been published on the subject of trade unions. See: Clarence E. Bonnett. *Labor-Management Relations.* (New York: Exposition Press, 1959), p. 47.

[13] For examples, see: American Management Association. "Problems of Industry-Wide Bargaining." *Personnel Series No. 95.* (New York: 1945), pp. 14–24; Kerr, *op. cit.,* pp. 25–61; Otto Pollak. *Social Implications of Industry-Wide Bargaining.* (Philadelphia: University of Pennsylvania Press, 1948), 72 pp.; Slate, *op. cit.,* pp. 42–55; Carpenter, *op. cit.,* 419 pp.

[14] A few of these are: American Management Association. "The Growth of Industry-Wide Bargaining." *Personnel Series No. 109.* (New York: 1947), pp. 26–35; Sylvester Garrett and L. Reed Tripp. *Management Problems Implicit in Multi-Employer Bargaining.* (Philadelphia: University of Pennsylvania Press, 1949), 61 pp.; R. C. Smyth and M. J. Murphy. "Industry-Wide Bargaining." *Personnel Journal.* Vol. 26 (September, 1947), pp. 109–115; S. T. Williamson and Herbert Harris. *Trends in Collective Bargaining.* (New York; The Twentieth Century Fund, 1945), pp. 232–236.

As a preliminary probe toward discovering some of the important variables which an employers' association affects in its constituent firms, this study is not an attempt to validate cause and effect relationships. The basic effort in this study is directed at discovering whether or not there were differences in various measures of employee unrest in: (1) manufacturing firms which are members of an employer bargaining association; and (2) similar manufacturing firms which are not members of an employer bargaining association. This preliminary investigation is important for the information which it might reveal about possible relationships between manpower management policies and employer bargaining associations with respect to: (1) employee unrest; and (2) the actual benefits derived from membership in an employers' association.

METHODOLOGICAL CONSIDERATIONS

Apparently the employer bargaining association attempts to achieve uniformity in wages, hours, and conditions of employment throughout the local labor market. Since an employee would know that most employees in his particular occupational classification in the local labor market are receiving the same employment conditions, this effort at standardized conditions of employment could conceivably reduce employee insecurity. The following theoretical hypothesis tested in this study was: *Manufacturing firms which are members of the employers' association tend to have less employee unrest than manufacturing firms which are not members of the association.*[15] Several operational hypotheses were formulated to test the major hypothesis including:

1. Manufacturing firms which are members of the association tend to have *fewer work stoppages* than manufacturing firms which are not members of the association.
2. Manufacturing firms which are members of the association tend to have *less severe work stoppages* than manufacturing firms which are not members of the association.
3. Manufacturing firms which are members of the association tend to have *higher levels of union security* than manufacturing firms which are not members of the association.
4. Manufacturing firms which are members of the association

[15] Carpenter, *op. cit.*, pp. 235–291; Clark Kerr and Roger Randall. *Collective Bargaining in the Pacific Coast Pulp and Paper Industry.* (Philadelphia: University of Pennsylvania Press, 1948), pp. 8, 16–28; Garrett, *op. cit.*, pp. 14, 42–48; Pollak, *op. cit.*, p. 46.

tend to have *fewer grievances annually* than manufacturing firms which are not members of the association.

5. Manufacturing firms which are members of the association tend to have *lower absenteeism rates* than manufacturing firms which are not members of the association.
6. Manufacturing firms which are members of the association tend to have *lower turnover rates* than manufacturing firms which are not members of the association.

Operational definitions were set up for the terms: manufacturing firm, employer bargaining association, local labor market, and employee unrest. For this study, a standard definition of manufacturing firm was adopted as noted in the *Standard Industrial Classification Manual*.[16] The term, employer bargaining association, is defined as a group of employers who are banded together primarily for labor relations, but who are engaged extensively in other manpower management functions such as staffing, training, employee benefits and services, wage and salary administration, and personnel research.[17] The local labor market is noted as: "The meeting place of the forces surrounding and influencing man in that phase of his life relating to his work situation."[18] Employee unrest is behavior arising out of inadequate satisfaction of the basic drives of employees. The universe utilized in the study was all manufacturing firms employing 100 or more salaried and hourly workers in the Minneapolis-St. Paul Standard Metropolitan Statistical Area[19] on June 5, 1961.[20]

[16] U. S. Bureau of the Budget, Office of Statistical Standards. *Standard Industrial Classification Manual.* (Washington, D. C.: U. S. Government Printing Office, 1957), pp. 43–121.

[17] Several persons have attempted to classify and define employer bargaining associations. See: Clarence E. Bonnett. "Employers' Association." *Encyclopedia of the Social Sciences.* Vol. 5 (New York: Macmillan, 1931) p. 509; Bonnett, *Labor Management Relations, op. cit.,* pp. 29–30; Kerr, "Multiple-Employer Bargaining: The San Francisco Experience," *op. cit.,* pp. 30–32; Smith, *op. cit.,* pp. 2, 6–7.

[18] Herbert G. Heneman, Jr. "Measurement of Short-Run Family Participation in the Labor Force." Unpublished Ph.D. Dissertation, Department of Business Administration, University of Minnesota, 1948. p. 11.

[19] U. S. Bureau of the Budget, Office of Statistical Standards. *Standard Metropolitan Statistical Areas.* (Washington, D. C.: U. S. Government Printing Office, 1959), p. 8. The Minneapolis-St. Paul SMSA consists of Anoka, Hennepin, Washington, Ramsey, and Dakota Counties.

[20] The distribution of manufacturing firms in the universe indicated that about 65% of the firms were in the following five SIC categories: food and kindred products; printing, publishing, and allied industries; fabricated metal products; machinery, except electrical; and electrical machinery, equipment, and supplies. Only 4% of the firms were included in the following categories: ordnance; tobacco manufactures; textile mill products; furniture and fixtures; leather and leather products; and stone, clay, and glass products.

Research methodology in this study was designed to obtain the most complete information possible. The basic steps involved in collecting the data were: (1) obtaining a complete listing of manufacturing firms in the local labor market;[21] (2) first and second pre-tests of the questionnaire used in the study;[22] (3) the actual survey; and (4) tabulation and analysis of the data.

Originally the survey was set up for a one-month period with an initial letter and questionnaire followed up at eight-day intervals by a letter requesting cooperation, another letter and questionnaire, a telephone call asking for cooperation, and a second telephone call to the positive respondents of the first telephone call. Due to the tremendous mass of data and the amount of follow-up, the actual time taken to complete the survey was two months.

Since this study was an exploratory probe into the nature of the impact of employers' associations upon employee unrest in its constituent firms, little statistical analysis of the data was planned. However, some measure of variability in the data was desired so as to determine any significant statistical differences between the member and non-member firms involved in the study. For this purpose, the Chi-square test of independence at the .95 level of significance was selected.

The reliability and validity of the data were checked through the use of linear correlation and contingency coefficients. Reliability was examined by calling the original respondent by telephone and asking him the same questions at a time interval of at least three weeks. Validity was tested against several external criterion measures including: contract clauses; firm size as indicated on the original listing; actual data supplied by the employer bargaining association; and the legislative employers' association directory.[23]

RESULTS OF THE STUDY

From June 5, 1961 to July 31, 1961, the actual collection of data was effected. Of the firms included in the defined universe, there

[21] The listing was compiled from a composite of: several copies of the *Minnesota Directory of Manufacturers;* the directories of the local Chambers of Commerce; telephone directories; a post card survey of firms obtained from telephone directories and not listed elsewhere; Dun and Bradstreet's *Reference Book*; directories of professional industrial relations personnel; and directories of special industries by local banks.

[22] On the initial pre-tests, a 100% response was obtained through repeated follow-up.

[23] A legislative employers' association is a group of employers organized for political action and lobbying in legislatures for action favorable to industry.

were 216 respondents and 25 non-respondents for a 90% return of completed, usable questionnaires.[24] The high return was due to repeated follow-up of many different types. To determine possible bias of the study due to non-response, the non-respondent firms were telephoned and asked for four characteristics of their company; the presence or absence of a personnel department; firm size; association membership; and the presence or absence of a union. The non-respondents were tested against the respondents in a 6 x 4 x 2 Chi-square test of independence. This test indicated no significant difference between the two groups in the characteristics checked at the .95 level of significance.

Analysis of the data on the frequency of work stoppages show that: (1) there is no significant difference between association and non-association groups in actually having work stoppages; and (2) there is a significantly lower difference in the frequency of work stoppages in the association firms as compared to the non-association firms although this should be qualified due to the small N. (See Table 1.)

TABLE 1
Frequency of Labor Work Stoppages by Association Membership in a Ten-Year Period[a]
N = 216[b]

	Number of labor work stoppages in ten-year period											
Membership	1	2	3	4	5	6	7	8	9	10	11 & *over*	*Total*
Association	45	15	4	2	1	0	0	0	0	0	0	67
Non-association	4	4	2	0	0	1	0	0	0	0	1	12
Total	49	19	6	2	1	1	0	0	0	0	1	79

[a] Variables not independent at the .95 level of significance when grouped for the Chi-square test of independence.
[b] 38 firms are non-union. 98 firms had no labor work stoppages. 1 firm did not respond to the question.

Although the severity of labor work stoppages was not significantly different in the association firms as contrasted with the non-association firms, there was a consistently lower difference in the association firms with respect to the length of the labor work stoppages. (See Table 2.)

In comparing the two groups, the level of union security was not

[24] The non-respondent firms were unable to respond for the following reasons: company policy; refusal to participate in the study; and merger with other firms.

TABLE 2

Severity of Labor Work Stoppages by Association Membership [a]
Data Stated In Average Length of Stoppage In Calendar Days
N = 216 [b]

	Average length of work stoppage in days											
Membership	0 —4	5 —9	10 —14	15 —19	20 —24	25 —29	30 —34	35 —39	40 —44	45 —49	50 *& over*	*Total*
Association	7	16	9	5	9	3	6	5	1	1	5	67
Non-association	0	2	3	1	1	0	3	0	0	1	1	12
Total	7	18	12	6	10	3	9	5	1	2	6	79

[a] Variables independent at the .95 level of significance when grouped for the Chi-square test.
[b] 38 firms are non-union. 98 firms had no labor work stoppages. 1 firm did not respond to the question.

significantly different. However, the association group has a sizeable percentage (12.5%) of its firms with the preferential shop which is the highest form of union security permissible under the law. (See Table 3.)

TABLE 3

Level of Union Security by Association Membership
N = 216[a]

	Type of union security						
Membership	*Preferential shop*	*Union shop*	*Agency shop*	*Maintenance of Membership*	*Subtotal*	*N.A.*[b]	*Total*
Association	17[c]	107	1	11	136	6	142
Non-association	0	30	0	3	33	3	36
Total	17	137	1	14	169	9	178

[a] 38 firms are non-union.
[b] Firms which returned questionnaire, but sent no contract.
[c] Firms with preferential shop were located primarily in printing, publishing, and milk products. $\chi^2 = 5.29$; $d/f = 3$; $\chi^2.95 = 7.8$. Since the derived value of Chi-square is less than the value of Chi-square at the .95 level of significance, the hypothesis of independence of the level of union security and association membership is accepted.

With respect to the grievance procedure, there is: (1) no significant difference between the association and non-association groups with regard to the presence or absence of a grievance procedure within the firm; (2) there is a significantly lower difference in the association group as compared to the non-association group of firms in the total number of grievances annually (See Table 4); and (3) there is no difference between the two groups with respect to the number of grievances reaching arbitration.[25]

Analysis of the data for turnover rates indicated a lower difference in the association group when compared to the non-association group. However, the difference was not significant. Utilizing quartiles, the data in the non-association group are higher than those in the association group at all points, and continually increase from the first quartile to the third quartile. (See Table 5.)

Lastly, the data on absenteeism rates indicate no difference between association and non-association groups. (See Table 6.) How-

[25] For information on grievance rates, see: Sumner H. Slichter, James J. Healy, and E. Robert Livernash. *The Impact of Collective Bargaining on Management.* (Washington, D. C.: The Brookings Institution, 1960), pp. 698.

TABLE 4
Annual Total Grievances by Association Membership Grouped for the Chi-Square Test of Independence[a]
Grievances in Number Per 100 Production and Maintenance Employees
N = 216[b]

Membership	*Annual Total Grievances Per 100 P. and M. Employees*								*Total*
	.00 —.48	.50 —.99	1.00 —1.49	1.50 —2.49	2.50 —3.49	3.50 —4.99	5.00 —6.49	6.50 & *over*	
Association	46	4	7	15	10	5	8	15	110
Non-association	14	5	2	0	1	4	6	3	35
Total	60	9	9	15	11	9	14	18	145

[a] Variables not independent at the .95 level of significance.
[b] 36 firms had no grievance procedure since they were not unionized. 2 firms which returned questionnaire, but did not respond to any part of the grievance question. These firms were non-union.

33 firms which returned questionnaire, but were unable to determine the total number of grievances. $\chi^2 = 16.30$; d/f = 7; $\chi^2.95 = 14.1$. Since the derived value of Chi-square is more than the value of Chi-square at the .95 level of significance, the hypothesis of independence for annual total grievances and association membership is rejected.

ever, there is apparently a slightly higher absenteeism rate in the association group.

Briefly, the results of the data indicate significantly lower differences in most of the measures of employee unrest in the association group when compared to the non-association group. Further analysis of the data was attempted with respect to the relationship of the measures of unrest and association membership when classified by the presence or absence of personnel departments, unionization, industrial classification, and size of firm. However, due to the extremely small samples involved in each cell, the analysis was not considered fruitful. If larger samples were available, analysis of this type might reveal additional useful information on the relationships of the employer bargaining association and employee unrest. In determining the reliability of the study, several items were checked for test-retest linear correlation. Most of the linear reliability coefficients were above .90. Contingency coefficients were employed to test the reliability of several other items. The range of the contingency coefficients for these items is from .66 to .71.[26] Therefore, the study received reliable data.

Various external criterion measures were available to test the validity of the study, including labor contracts and information from

[26] The maximum value of a 2 × 2 contingency table is .71.

TABLE 5

Annual Turnover Rate for Production and Maintenance Employees by Association Membership in Percent[a]

N = 216

	Annual turnover rate in percent									
Membership	0.0 —8.9	9.0 —17.9	18.0 —26.9	27.0 —35.9	36.0 —44.9	45.0 & *over*	*Sub. total*	*N.A.*[b]	*N.R.*[c]	*Total*
Association	66	29	20	9	6	14	144	6	12	162
Non-association	12	9	9	3	6	5	44	5	5	54
Total	78	38	29	12	12	19	188	11	17	216

[a] Variables are independent at the .95 level of significance.

[b] Firms not answering the turnover rate question.

[c] Firms not answering the turnover rate question due to no records. $\chi^2 = 8.71$; d/f = 5; $\chi^2.95 = 11.1$. The net turnover rate concept was used in the determination of the turnover rate. For information, see: Dale Yoder *Personnel Management and Industrial Relations*. Fifth Edition. (Englewood Cliffs, New Jersey: Prentice-Hall, 1962), pp. 537–538.

TABLE 6

Annual Absenteeism Rate for Production and Maintenance Employees by Association Membership in Percent[a]

N = 216

	Annual absenteeism rate in percent																
Membership	.00 —.49	.50 —.99	1.00 —1.49	1.50 —1.99	2.00 —2.49	2.50 —2.99	3.00 —3.49	3.50 —3.99	4.00 —4.49	4.50 —4.99	5.00 —5.49	5.50 —5.99	6.00 *& over*	*Total*	*N.A.*[b]	*N.R.*[c]	*Total*
Association	32	12	12	13	5	6	10	4	4	2	2	2	0	104	18	40	162
Non-association	11	4	5	1	2	0	3	2	0	0	0	1	1	30	6	18	54
Total	43	16	17	14	7	6	13	6	4	2	2	3	1	134	24	58	216

[a] The annual absenteeism rate was computed from the following formula:

$$\text{Absenteeism Rate} = \frac{\text{Total Days Lost}}{\text{Days Scheduled} \times \text{Average Number of Employees}} \times 100$$

[b] Firms not answering the "total days lost" question.

[c] Firms not answering the "total days lost" question due to no records or insufficient records.

The "days scheduled" figure was assumed to be a constant 252 working days. This assumption presupposes 52 Saturdays, 52 Sundays, 4 holidays "not worked" annually, and a vacation week of 5 days. This assumption is quite conservative since most workers receive at least 6 holidays annually and two weeks' vacation.

employer bargaining associations. The validity correlation coefficients ranged from .75 for the actual firm size in the original listing of firms to .82 for the number of steps in the grievance procedure. The contingency coefficients ranged upward from .50.[27] The validity of the study as related to the selected external criteria is good.

CONCLUSIONS

From the findings above, there apparently may be relationships between membership in employers' associations and employee unrest in member firms. Analysis of the data indicates statistically significant lower differences in frequency of work stoppages and grievance rates in manufacturing firms which are members of an employers' association contrasted with non-member firms. In addition, the data for severity of work stoppages and turnover rates are lower for member firms although not statistically significant. Data on the level of union security and absenteeism rates were inconclusive as to their relationship to membership in an employer bargaining association.

Several reasons could be posited for the possible effects which the employers' association may have upon employee unrest. First, the association may reduce employee unrest through continuing advice and information from the association staff on many phases of manpower management policy. Second, through the many types of survey on wages and personnel policies and practices, and newsletters, the association may indicate to the member firms the relative employment conditions in other local firms and perhaps in the same industry. Thus each member firm may attempt to keep the employees satisfied by offering equivalent terms and conditions of employment. Third, information on techniques designed to reduce employee unrest may be sent to all members of the association. Fourth, the association may help the member firm by measuring employee unrest in the particular firm on a continuing basis and thus adopt techniques to reduce unrest. In addition, research on morale by the association may aid the member firm. Fifth, better firms in terms of employment policies and programs may join the association. Therefore, the good

[27] Another section of this study (not reported in this paper) indicated a statistically significant lower difference in member firms with respect to decision-making on labor relations policy, and a statistically significant higher difference in manpower management program costs. The median cost in the association firms was approximately double that of the non-association firms.

employment relations program in a member firm may become even better with the assistance of an effective employer bargaining association.

SUGGESTIONS FOR FURTHER RESEARCH

Since this pilot study was designed to indicate the areas in which an employers' association may have an impact upon employee unrest in member firms, the logical choices would be to further examine: (1) the effects of the employers' association upon employee unrest in manufacturing and other industries through a cause-and-effect study encompassing a larger universe of industries such as trade, transportation, finance, banking, etc.; (2) the inter-relationships of personnel departments, degree of unionization, and firm size with respect to employer bargaining associations and unrest through utilization of larger sample sizes; (3) the problem over a much broader geographical universe, perhaps a study employing sampling statistics could be formulated for the United States; (4) the association's effect upon the various aspects of unrest including morale or attitude surveys; refined absenteeism and turnover studies; further analysis of the severity and frequency of labor work stoppages in labor market areas where there are employers' associations and compared to the areas in which there are no employers' associations;[28] (5) the area of employee unrest through longitudinal studies of employee unrest corresponding to the growth and development of employers' associations in given local labor markets; and (6) the interaction of the association and non-association groups in local labor markets to determine the ways in which association firms are affcting th non-association firms in relation to employee unrest and vice-versa.

Other possible research studies are self-evident such as the study of the organizational structure of employer bargaining associations; the actual operations of the association; the relationship of the association to the internal employment relations function of its member firms; and the effectiveness of an association. Throughout these research suggestions, more refined statistical techniques should be used to obtain data for generalization about the impact of the employers' associations on its constituent members and the effect of the association on the local labor market.

[28] It is my impression that there are presently only one or two large metropolitan areas in the U. S. which do not have employer bargaining associations.

NATIONAL ASSOCIATION BARGAINING IN THE LITHOGRAPHIC INDUSTRY

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Both trade unions and the National Employers Association in the lithographic industry were born in the 1880's. Although the lithographic unions (which merged into a single union in 1915) lost their major encounters with the National Employers Association, the union remains a power in the industry today, while the Association has become insignificant. This paper deals with the rise and decline of the Employers Association.[1]

BACKGROUND OF THE EMPLOYERS ASSOCIATION

In 1888 some 50 large lithographic firms[2] made a successful effort to form a trade group, the National Lithographers Association. There is evidence that bargaining with the union at the plant level was taking place, for the association president, Julius Bien of New York, after commenting on ". . . the happy relations existing between ourselves and our workmen," urged the member firms to grant the shorter work week (54 hours) which the union was then requesting.[3]

Quite naturally each member firm wished the association to handle matters in which inter-firm cooperation would be more effective than each firm acting alone. In the East, particularly in New York City, product-market matters became less significant than labor relations because it was here the lithographic unions developed their first major centers of strength. But in the Midwest (Chicago, Milwaukee, Cincinnati, Cleveland and Detroit) lithographic craftsmen lagged a decade or more behind their east coast brethren in building strong local organizations, and midwestern employers viewed labor relations questions as well within the competence of the individual firm.[4]

[1] This paper is a product of research made possible by a doctoral completion fellowship received from the Social Science Research Council. The complete study, *Labor Relations in the Lithographic Industry*, will be published in 1963 by the Harvard University Press.

[2] In 1889 there were 219 lithographic firms employing less than 10,000 workers. See U. S. Bureau of Census, *1921 Biennial Census, Manufacturing*, p. 657.

[3] National Lithographers Association, *First Annual Report*, 1890, p. 27.

[4] Hoagland, Henry E., *Collective Bargaining in the Lithographic Industry*, (New York: Columbia University, 1917, p. 177).

MUTUAL GOVERNMENT

The increasing strength of the lithographic unions, of which there were five at the turn of the century,[5] brought the eastern and western employer groups together to deal with the unions, though not to fight against them.

The actual method proposed was to have all rules concerning wages, hours and working methods determined by ad hoc committees and was called "mutual government." The motivation for this early effort to replace pressure tactics with an all-encompassing grievance procedure is evident in a comment which A. Beverly Smith, the Eastern Association's first secretary, once made at a union convention:

> Mutual government consists of two parts, joint action and arbitration. The application of these two things to the smallest as well as to the greatest of our affairs constitutes, what we term, mutual government . . . your constitution and by-laws—you can put what you please in black marks on white paper—so can we—but you have absolutely no moral right or trade right to put a line in there that governs the employer. Your jurisdiction ends at that door. (Indicating the door of the convention hall). Our jurisdiction ends at our door. When we get into the passageway, which is the trade, we will settle differences there jointly.[6]

Mutual government was born in New York, the employer response to a strong local. Midwestern unionists thought it a fine idea, but the midwestern employers were less sure. During a negotiating session in the midwest for example, Julius Gugler, a Milwaukee employer, told the union committee:

> . . . I do not believe in mutual government. I think it is nonsense . . . (this employers association) is a creation of yours; you have brought us forth, you are our fathers . . . you have, through your organization a certain power which I simply have to reckon with, and I am willing to reckon with that further, but I am not willing that you have more power than you now have.[7]

[5] Lithographers International Protective and Beneficial Association, founded in 1882; Lithographic Artists, Engravers and Designers League, founded in 1890; Stone and Plate Preparers Association, founded in 1898; International Protective Association of Lithographic Apprentices and Press Feeders, founded in 1898; Poster Artists Association of America, founded in 1899.

[6] Lithographers International Protective and Beneficial Association, Proceedings, 1906, Buffalo, pp. 147–148.

[7] *Transcript of Negotiations between Lithographers International Protective and Beneficial Association and the Lithographers Association (West)*, Feb. 7–11, 1905, Cincinnati, pp. 125, 149–150.

In 1904, some of the lithographic crafts had a 48-hour week while others still worked a 54-hour week, among them the crafts represented in the largest of the lithographic unions. Shorter hours was an important issue in the 1904 national negotiations (conducted during a lockout), a major goal in 1905, and the overriding issue in 1906. The employers were willing to concede the shorter hours in 1906, but only through mutual government procedures. Indeed, they were so anxious to establish the principle of mutual government, that they promised the shorter hours would be conceded when the question was raised for joint action, yet refused to grant the concession during the negotiations. Internal conflicts made this solution politically unacceptable to the unions, and all five rejected the 1906 draft contract in referendum ballots.

THE NATIONAL ASSOCIATION OF EMPLOYING LITHOGRAPHERS

In May of 1906 both A. Beverly Smith and "mutual government" were discarded, when both the eastern and western employer associations met in Pittsburgh to establish the National Association of Employing Lithographers (NAEL), an organization more like a "union" of employers than like the employer groupings it replaced. When the first union struck for the 48-hour work week, the NAEL declared "open shop" against them, and soon had engaged all save the poster artists' union in a struggle which put three-quarters of the union membership on the street in a strike lasting nearly a year, and left only one of the engaged unions with an operating organization.

Mutual government was through; some employers thought the unions were also. The NAEL leadership did not believe so; they used the powers of the association to prosecute two member firms which sought to compromise with their striking employees during the strike, and used the association's authority to control labor relations policy of member firms to ensure that *"there is no labor union in the lithographic trade in the departments in which the strike has been carried on."* [8]

The strike did not end NAEL activity. In time the association lifted the ban on hiring union members, but only after it had set up its own employment offices to replace the service formerly provided by the union. Member firms were urged, successfully, to keep their

[8] Hoagland, *op. cit.*, p. 104. Emphasis in the original.

full quota of apprentices, and a well-managed blacklist eliminated a large number of former union leaders from the industry. Five-year individual contracts had also been used in the early months of the strike (and even prior to it) to wean away key employees from the union. These contracts granted employment preference in any association shop in return for a promise not to join or support any union.

The employers attending the 1906 Pittsburgh convention had recognized the need for uniformity in dealings with employees; for this reason they directed that uniform shop rules be developed by their new association, and applied in all plants. These shop rules in effect replace the union constitution and the jointly-negotiated rules of the "mutual government" period. Additional rules binding on each firm's management were enforced by the "note feature." Each firm signed an undated note for a sum equal to five hundred dollars times the number of presses in his establishment. This note was never to be collected—unless the firm failed to follow association labor policy during times of struggle.

For nearly a decade following 1906 the lithographic unions were weak and inactive, but during the period 1915–1918 four of the five unions merged into the Amalgamated Lithographers of America, and gained strength rapidly.[9] The Amalgamated Lithographers of America's (ALA) membership, concentrated in the non-association shops, soon spread into the association shops, and a policy of filling jobs in non-association shops from members employed in association shops soon put pressure on the National Association of Employing Lithographers leadership to meet the challenge.

A national contract was signed in 1919 and in 1920, but in 1921 negotiations broke down over NAEL insistence on no hours reduction and a 12½% wage cut.[10] The ensuing strike resulted in a 20% loss in membership for the union and no hours reduction.

THE DECLINE OF THE NAEL

In 1926, the New York local demanded that New York employers reduce the hours to 44 per week over the next two-year period. New York employers considered the demand, considered the

[9] Only the highly-skilled poster artists stayed out. They joined nearly 30 years later, when they had lost all of their power and most of their membership.

[10] *The National Lithographer and the Lithographers Journal* were the vehicles for public pronouncements of the NAEL and ALA, respectively. Other information comes from ALA and NAEL correspondence of this period. NAEL material was not available through the association.

NAEL shop rule requiring 48 hours, and decided to leave the association and concede the union demand. The New York group accounted for nearly 25 per cent of the NAEL membership, a membership which had already declined appreciably since 1921.

The employers association gained a new lease on life during the operation of the National Industrial Recovery Act, for its board of directors was made the code authority for the lithographic industry. This gave the association the opportunity to determine uniform rules to protect "fair" employers from "unfair" competition, both in the labor market and the product market. Membership in the association more than trebled in the space of half a year. Many firms dropped away following the Schechter decision,[11] but cooperation with the union, which had proven feasible during the NRA period, was continued and led to the negotiation of a new national contract for the industry in 1937. The ALA approved the contract in referendum, but all save about 30 member firms of the employers association refused to sign the contract. Evidently, the association was through as a national rule-maker for the lithographic industry.

During the latter part of the 1930's the ALA, often with the support of the association, continued to work for uniform conditions throughout the industry. Often the first step in this program was an effort to establish a uniform contract for all organized employers in single metropolitan area. In the war and post-war period city-wide negotiations became more common, and are the prevailing form of negotiations today. In the post-war period, particularly the years 1946–1952, the union followed an explicit strategy of securing substantial gains in one city and then spreading these gains to other cities in succeeding negotiations. Among the most significant of these gains was the 35-hour work week, now held by the great majority of ALA members throughout the country. As one San Francisco employer lamented after a particularly costly contract was signed in New York, ". . . because New York was put through the wringer, now we are all going to get it." Two points about the lament are worth noting. It was accurate, and it was made at the employers association convention. What had happened to the association?[12]

[11] The NRA was active from June, 1933, to May, 1935. The lithographic code authority was set up January, 1934.

[12] In 1926 the NAEL had changed its name to Lithographers National Association, and in 1959 it changed again to Lithographers and Printers National Association. To speak of "the" association is no longer meaningful, since two other national associations compete for the allegiance of lithographic firms. None of the three associations take part in national bargaining.

REASONS FOR THE DECLINE OF THE ASSOCIATION

It is clear that initially, employer cooperation in the lithographic industry was possible because most firms produced similar products with a similar technology, and sold them to a reasonably stable group of buyers. The production process changed, but the changes were such that they did not upset the structure of the industry. Not until 1930 did new developments begin to make a new kind of firm feasible, the combination litho-letterpress house. It was only in the decade of the 1940's that the homogeneity of the lithographic industry was decisively weakened by further developments in the lithographic process. The only development of significance in the 1920's was the rise of "commercial shops," firms which did only black and white work of a generally lower quality, thus permitting more extensive application of new photo-mechanical methods to the lithographic process. In general, these firms served different markets than the old line color houses, although the work force was interchangeable to a degree. Apart from this development, neither changes in markets nor changes in technology do much to explain the decline in strength of the association in the mid-1920's, when it first became noticeable. Had the industry been expanding appreciably at this time, the impact of this on the strength of the association could be investigated, but in fact there was less than a 10 per cent increase in the number of firms from 1921 to 1927. There must be other and more persuasive explanations than these.

A factor of some importance was the weakness of the union. There was some wisdom in Julius Gugler's earlier statement to the union that ". . . you have brought us forth; you are our fathers . . ." If the only purpose of the association was to deal with the union, a weak union gave the association a rather weak purpose. Admittedly, the union was not weak in New York, where the break in association ranks came, although that local had lost 400 of its 2,800 members in the period 1921–1927. Nevertheless the response of non-New York member firms to the impending break, mainly a wringing of hands and exhortations to be strong, suggests they scarcely saw their own welfare immediately involved in the New York defection.

THE SPIRIT OF TRADE ASSOCIATIONISM

It would appear that a more significant factor in the weakening of the association was a decline in the emotional conviction of employers that a strong association was not merely a means to an end but a

worthy objective itself. Such a conviction could develop initially only on the basis of experiencing its values, but the events of 1900–1906 had provided just this experience to employers of the great majority of lithographic workmen. In their view it was simply a fact that labor questions were national questions, and the outcome of the 1906 strike left no doubt that dealing effectively with such questions required a strong national association. When the evidence was gone the conviction remained, a conviction which, for lack of a better phrase, will be called the spirit of trade associationism.

The strength of this spirit was clear in 1911, when the NAEL voluntarily changed its shop rules to require the 48-hour work week, rather than the 54-hour week. Member firms accepted the reduction in hours, though not all agreed it was necessary. They did agree it was the association's function to decide such questions. On labor questions, as NAEL President Clothier said in 1911, "The spirit of 1906 pervades our ranks, and we are one . . . absolutely." [13]

This sense of loyalty to the association existed; it shows through some of the correspondence of this period, and was an emotional conviction than to a rational one. Member firms had confidence in their association's ability to break the union and keep it weak, and they were proud to have a part in so noble a venture.[14] Not every firm had the integrity to stand up and be counted when difficulties arose; the "note feature" proved that members of the NAEL were of that higher type. They could be trusted to back their words with action when the time of testing came. The decisions to reestablish relations with the union in 1917 and reintroduce national contracts in 1919 were vigorously opposed by a substantial minority of the membership, but followed loyally once the decisions were made.

The first weakening in the spirit of associationism appeared in 1921, when 15 to 20 firms refused to follow the association mandate to reduce wages by 12½ per cent on January 1, 1922. The NAEL chose not to prosecute them. And in 1924 the first open proposal was made to drop the note feature, with the argument that prospective members refused to join under such a condition. The proposal was defeated that year, but membership continued to drop. NAEL membership now accounted for somewhat more than a third of industry

[13] *National Lithographer*, June 1911, p. 18.

[14] For a similar position and more sweeping conclusions, see Carleton Parker, *The Casual Laborer and Other Essays*, (New York: Harcourt, Brace and Howe, 1920, pp. 108–112).

employment.[15] Member firms included less than 35 of the nearly 200 firms employing lithographers (by association count) in the New York area. NAEL membership was concentrated among the large firms, but in a large and steadily growing number of firms, the "note feature" was not a badge of honor, but just another reason to have nothing to do with the National Association of Employing Lithographers.

A new NAEL president in 1925 recognized the strength of this attitude in firms outside the associations and in trying (unsuccessfully) to adapt the association to the needs of prospective members, further weakened the spirit of associationism within the NAEL. One stalwart privately commented on one set of the new president's proposals that "Each group takes a piece out of the association and put nothing in its place and there will be left a mud hole where the cellar was," while another fumed about the "new theories and what-not bunk to camouflage and destroy the only definite flags that we have rallied around for twenty years—to wit: the Open Shop and the question of working hours, or wages." [16]

By 1926 there was open discussion of which of the two groups would pull out of the association. The compromise solution was a victory for neither and an end to the strength of the association. The "note feature" was dropped, member firms could have any work-week hours they wanted, though running an "open shop" remained a membership requirement. Even this lasted only until the NRA. Had the spirit of trade associationism continued in the industry for a decade longer, the NAEL would have been able to test the virtues of an association equivalent of the union shop clause, for such an opportunity was provided under the NRA. As it was, the NRA period merely postponed the visible evidence of impotence for several years. The loss of power had occurred in the mid-twenties.

I have dealt at length with this question of spirit because it is sometimes touched rather lightly in analyses of trade association strength. Technological developments which encouraged the already-noted rise of commercial lithographic shops were important, though

[15] The NAEL had 140 member firms out of some 700 to 800 firms employing lithographers (according to one industry estimate), less than half of which were primarily lithographic firms according to the Census of Manufacturers.

[16] Drawn from an employer's correspondence files for the period. The vital impact on the association "spirit" of personal qualities and personal relationships in association leadership is not developed here. To do so would unduly extend the paper.

less significant than the replacement of the litho stones with metal plates and the introduction of the offset press 15 to 20 years earlier. The weakness of the union was important, though the union was weaker in the heyday of association strength, the period 1906–1915. These factors may have contributed to the employers' loss of loyalty to the association. But it is altogether too easy to let these more definite and measurable factors dominate an analysis because something concrete can be said about them rather than because of their intrinsic importance. Had the decline of the LNA occurred later, say in the 1930's, one would scarcely look for other than market explanations. Yet at the end of the following decade, in 1949, the Canadian Lithographers Association in eastern Canada fought the ALA to a standstill on the question of shorter hours, this time a 37½ hour work week. Part of its success resulted from employers all over eastern Canada promptly locking out their employees when the ALA struck four plants in Toronto. The Canadian market in 1949 was less diverse than the lithographic market in the United States of that year, but it by no means had the homogeneity which characterized the United States market of the 1920's or early 1930's. The spirit of trade associationism seems to have played an important role in Canada also.

The impersonal, quantifiable data so commonly used in explaining power structures in labor relations carry a peculiar immunity to academic criticism, since they lend themselves so well to the kind of scholarly analysis that produces academic recognition.[17] I have argued here that, at least in the case of the NAEL, one needs to look much further. Market relations, union strength and technology explain the rise of the association, but do little to explain its period of power and eventual decline. I think the spirit of trade associationism has led some lithographic firms into receivership, perhaps the lack of it later caused the whole industry financial losses. But its significance to the association is unmistakable. No other factor played so important a role in determining the strength of the employers association in the lithographic industry until the mid-twenties. Its absence brought to an end NAEL control of national rule-making in the industry.

[17] Abraham Maslow has provided a chapter-long attack on this tendency. See his *Motivation and Personality,* (New York: Harper, 1954, Chap. 2).

DISCUSSION

MARTIN SEGAL
Dartmouth College

Professor Wortman points out in his paper that the literature of labor economics has paid relatively little attention to the role and policies of employer associations. Nevertheless, even the limited amount of available empirical and analytical work suggests clearly the type of economic environment in which employer associations are likely to constitute an important factor in collective bargaining. As the studies indicate, association bargaining typically tends to arise in industries and services composed of many small firms competing in a local or regional market. Historically, association bargaining developed also in some geographic areas in which there was a significant concentration of relatively small firm selling in a national market—garments in New York, leather in Salem-Peabody or cotton textiles in Fall River-New Bedford. It is generally pointed out that association bargaining constitutes a defensive effort on the part of small firms facing a strong union organizing a given area.[1] Both from the viewpoint of the union and of the small employers association bargaining is useful because it tends to standardize wages and thus contributes to the reduction of price competition in the relevant product market. Quite apart from purely economic advantages association bargaining provides frequently the only practical means of contract negotiation, of maintaining continuity in grievance procedure or of establishing welfare and pension programs.

The scope of particular association bargaining is generally defined by the characteristics of the product market in which the firms compete and of the labor market for the type of labor supply employed. The product market provides the geographic limits on the area to which the results of negotiations apply. Equally important, it also provides a basis for what may be frequently rather fine divisions into specialized employer associations that conduct separate bargains with one or more unions.[2] Similarly, the area limits of particular bargain are also defined by the geographic pattern of job mobility that applies to the particular type of labor supply.[3]

[1] D. M. Slate, "Trade Union Behavior and the Local Employers' Association," *Industrial and Labor Relations Review* (October 1957) p. 42.

[2] See, for example, a description in J. T. Carpenter, *Employers' Associations and Collective Bargaining in New York City,* Ithaca, 1950, p. 38.

[3] J. T. Dunlop, "The Industrial Relations System in Construction" in *The Structure of Collective Bargaining,* A. R. Weber, editor, The Free Press, 1961, p. 271.

All this implies that the viability of a particular system of association bargaining may be undermined by several developments: changes in the nature or in strength of labor organizations; changes in the means of transportation and communication that influence geographic dimension of product and labor markets; changes in technology and products that redefine the nature of a relevant market in which individual firms compete.

Professor Munson is, of course, aware of the possible influences of these factors. He does mention in his paper some technological changes in the lithographic industry although he does not indicate just how they could affect the structure of collective bargaining and the strength of the N.A.E.L. He also indicates that the weakness of the union was a factor of some importance in causing the decline of the employer association. But in his analysis he chooses to emphasize the decline in what he calls "the spirit of trade associationism" among the employers.

My reaction to this emphasis on the role of "the spirit of associationism" is undoubtedly a predictable one. I don't think that it provides a satisfactory explanation of the change in the structure of collective bargaining in the lithographic industry. This is not to deny the role of commonly shared ideas or values in influencing the nature of industrial relations.[4] But it seems that any analysis that uses the change of ideas or values as an explanatory variable should indicate the reasons underlying such change. Specifically, why had the "spirit of associationism" declined among the employers? What were the reasons for the 1926 secession of the New York firms? Why do the employers prefer now city-wide rather than nation-wide bargaining? Professor Munson's paper leaves these questions largely unanswered.

Professor Wortman's paper bears directly on the subject of this session—the impact of employer association upon industrial relations. The author should be highly commended for his attempt to use quantitative analysis in a field that is rather heavily weighted with descriptive case studies. But though I like his methodological approach, I am not sure that I can fully agree with the conclusions that Wortman draws from his statistical results.

The main reason for my skepticism derives from the fact that Wortman's data combine several industrial classifications of manu-

[4] J. T. Dunlop, *Industrial Relations Systems,* New York, 1958, pp. 16–18.

facturing. Some of the characteristics of industrial relations that Wortman attempted to measure are likely to vary systematically among firms because of the differences in industries to which they belong—i.e., essentially because of the differences in technology, product markets, relevant wage contours, etc. For example, it is probably correct to anticipate that firms in industries with incentive systems and high variability of product lines will have more grievances than firms in industries that, for technological or other reasons, use only time rates. An analogous point can be made, I believe, with respect to such characteristics as turnover, absenteeism or even severity of work stoppages. Accordingly, Wortman's results may simply reflect a different industry mix of the association and non-association groups rather than a possible influence of employer associations as a factor reducing employee unrest.

It is, of course, understandable that a pilot study such as Wortman's, would limit its scope of investigation. But it is not entirely obvious that the problem raised above could be solved satisfactorily in a more extensive study that would use Wortman's methodology. In the local market industries or services in which association bargaining predominates the number of unionized firms in a given industry that do not belong to an association is likely to be quite limited. As a consequence, the samples of non-association firms in a given area would probably be very small.

Professor McCaffree's paper provides a useful synthesis of the conclusions scattered throughout the various case studies of particular employer associations. His analysis is certainly consistent with practically everything that we know about the rise of employer association bargaining. I would only add one point pertaining to the *development* aspect of employer associations. Once employer associations are organized and once they become an integral part of what in some cases may be a fairly complex system of industrial relations (e.g., in women's garments or in construction) they may take on important functions that are far removed from the original reasons for their formation.

An obvious example is provided by the role of associations in establishing and administering welfare and pension funds. An equally, or even more important aspect of employer associations' activity in some trades is their role (exercised jointly with the relevant unions) in establishing and administering training or apprenticeship programs. In this latter activity employer associations and

unions venture into an area that is likely to become a subject of considerable concern to the community. Indeed I would suggest that in the next decade public policy will concern itself primarily with two aspects of negotiation results in the industries or services characterized by employer association bargaining: a) the impact of such bargaining on price and wage movements; and b) its influence on the supply of skills and on the freedom or opportunity of access to a particular trade or occupation.

DISCUSSION

JACK STIEBER
Michigan State University

These three papers deal with two different aspects of employer associations: the papers by Professors McCaffree and Munson discuss factors affecting the origin, development and decline of employer associations; Professor Wortman's paper looks at existing employer associations in one geographical area and draws certain conclusions regarding their effects on "employee unrest." My comments will consider the McCaffree and Munson papers together and deal separately with Wortman's paper.

Professor McCaffree, as his title suggests, has for his central theme the origin and development of employer associations and presents a case study of a "typical" association to support his thesis. Professor Munson follows the reverse approach using a case study to reach certain conclusions about factors influencing the formation and decline of this association which he intimates may have important implications for employer associations generally.

McCaffree's thesis, though stated in terms of local employer associations, fits the case history of national association bargaining in the lithographic industry as set forth by Munson, with one important exception. McCaffree and Munson agree on the importance of the employer association as a response to the union, on the influence of Government agencies in strengthening association ties, and on the role of technology in the development of associations.

But Munson introduces another factor not mentioned by McCaffree and furthermore he assigns to this factor a preeminent place among the factors influencing the rise and decline of the associations

in the lithographic industry. He refers to this factor as the "spirit of associationism" and states that the "decline in the emotional conviction of employers that a strong association was not merely a means to an end but a worthy objective itself" was most significant in weakening the association.

Munson may be right about the importance of "spirit" but his paper provides inadequate support for his contention. The National Lithographers' Association was originally formed to secure tariff protection, to enable employers to compare notes on technological developments and to deal with the union. The decline of the association in the 1920's is ascribed partly to technological developments, market factors and the weakness of the union, but mainly to the loss of the "spirit of associationism" among employers.

Why did the "spirit" weaken? Munson cites the 1921 incident when 15 to 20 firms refused to follow the association's mandate to decrease wage rates as evidence of the weakening of the "spirit of associationism." Was this a rational decision based on economic considerations or an emotional one?

Again in 1925 Munson states that the "spirit of associationism" was weakened when the NAEL president tried unsuccessfully to "adapt the association to the needs of prospective members." In the face of the declining membership of the association this appears to have been a rational approach to pursue.

The loss of "spirit" seems to have been an effect of more fundamental factors leading to the decline in the association rather than an independent cause of that decline. One might ask whether the "spirit of associationism" would have weakened had the union remained strong during the 1920's? Perhaps there is more evidence to support Munson's emphasis on "spirit" but it has not been presented in his paper.

With respect to Professor Wortman's study, it is not surprising that the results were quite inconclusive. Of the six variables examined, only two—frequency of work stoppages and number of grievances—showed statistically significant differences between association members and non-members. Wortman's statement that the data show "significantly lower differences in most of the measures of employee unrest in the association group when compared with the non-association group" is not borne out by the findings as presented elsewhere in the paper.

Actually it is difficult to understand why there should be any

expectation that the hypotheses regarding the severity of stoppages and the level of union security would have been found to be valid. A good case can be made for expecting strikes to last longer under association bargaining than for individual firm bargaining. One of the reasons companies join together in bargaining is to present a united front in collective bargaining and to better withstand a strike if one occurs. Similarly an employer association might well succeed in resisting a union shop demand where individual firms might have to accede to such a demand by a strong union.

Wortman's statistics raise a number of questions. He states that the 25 firms not responding to the questionnaire were found to be not significantly different from the 216 respondents. But equally important are the sizable number of non-respondents to individual questions. Thus 33 firms returning questionnaires furnished no grievance data; 28 firms did not answer the turnover rate question; and 82 companies supplied no information on absenteeism. There is no indication of any check to determine how these non-respondents may have affected the findings on these measures. I also do not understand why Wortman did not include the 98 firms with no labor work stoppages in his Table 1 which shows frequency of stoppages.

It is difficult to interpret the findings presented in this paper without knowing more about the companies included in the study. Of the 216 respondents, 162 were members of associations and 54 were non-members. But what was the industry breakdown as between these two categories? Were the non-member firms in the same industries as association members? Did the member firms and non-member companies deal with the same or different unions? Without knowing the answers to these questions, it is impossible to determine whether the findings represent differences between member and non-member companies or whether they merely reflect variations among firms in different industries, or differences in policies among unions. It is well known that there are wide variations among industries in the incidence and severity of strikes, union security provisions, and rates of turnover and absenteeism. It would also have been interesting to compare these same variables among association members. It would not be surprising if differences among association firms were found to be as great as those between members and nonmembers on some measures.

Professor Wortman, in his conclusion, cites several possible ways in which employer associations might reduce employee unrest. These

relationships are quite plausible. It would have been interesting to know the extent to which the associations included in the survey provided the various services designed to reduce employee unrest among their member firms and with what results. This would have made for a more meaningful study than is constituted by the bare quantitative analysis contained in this paper.

In closing I should like to raise a few questions which have not been dealt with in these papers.

1. This discussion takes place just before a congressional session which may have before it bills designed to place unions under our anti-trust laws. One suggestion which has often been advanced is that unions should be limited to bargaining with individual companies. Presumably association-wide bargaining would be prohibited under such a law. Since there seems to be wide agreement that employer associations have often been formed as a response to union power, would this result in the disintegration of employer associations?

2. As these meetings are being held employer associations of New York City newspaper publishers and in the East Coast longshore industry are demonstrating that they can hold out for a long time against strikes. If employer associations in these and other industries demonstrate their ability to withstand strong union pressures, will these experiences give impetus to association bargaining in other industries?

3. As association bargaining and other more informal multi-employer bargaining arrangements multiply, is it appropriate to continue to describe the American system of industrial relations as one characterized by collective bargaining at the individual company and plant level? While we are still far removed from economy-wide bargaining, we are moving further and further away from the system which textbooks often refer to as the traditional American approach to industrial relations.

Part IV

THE CHANGING NATURE OF UNIVERSITY INDUSTRIAL RELATIONS PROGRAMS:

A Panel Discussion

CHANGING UNIVERSITY INDUSTRIAL RELATIONS PROGRAMS: ON-CAMPUS TEACHING

DALE YODER
Stanford University

This report concerns recent changes in on-campus teaching. The question to be answered may be stated as follows: What are the significant *recent changes* in WHO teaches WHAT to WHOM and HOW and WHY, on campus, under the general label and auspices of whatever is called "Industrial Relations?"

No serious definitional problems were encountered in preparing this report, because all difficult questions were carefully avoided. No question was raised, for example, about whether faculty members really *teach* students. The term, "industrial relations" was conveniently defined as whatever area carries that designation in the 25 colleges and universities that provided information.

For relevant facts, a short, one-page questionnaire (Figure 1) was mailed to 29 of the 72 Canadian and U.S. university centers identified in the 1962 mailing list prepared by Michigan-Wayne State last spring. The questionnaire asked for an indication of trends in student enrollments, courses, curricula and teaching methods. Respondents were asked to base answers on a 3-year period: 1959–1962. The sample selected for this purpose was neither random nor carefully stratified. It was, however, designed to be geographically representative and to include public and private and large and small institutions, as well as to sample undergraduate, graduate and combined programs.

Responses were prompt and generous. Only one request was unanswered. Many respondents provided typed or mimeographed summaries, departmental reports, bulletins, brochures and catalogs, to supplement the questionnaire. All but one of them wrote an accompanying letter or memorandum. Two undertook special studies of their experience to provide reliable information.

Eleven of the 29 inquiries were directed to Eastern universities; 10 responses provided answers to part or all of the questions. So did 11 responses from the 12 Midwestern institutions to which ques-

FIG. 1. Survey Questionnaire

MEMORANDUM

September 25, 1962

To:_____

From: Dale Yoder
Graduate School of Business
Stanford University, Stanford, California

Dear_____:

One session of the I.R.R.A. meetings this year will include a discussion of "Changes in On-Campus Teaching" in the industrial relations area. May I have your help in preparing a report on such teaching changes? Your observations on the following points, as well as any others you think should be noted, will be appreciated. I'm enclosing two copies of this inquiry so you may have one for your files. Please make any extensions or explanations on the other side of this page or on attached sheets.

DY

TRENDS IN ON-CAMPUS TEACHING—Last Three Years
(Trends indicated by directional arrows: →, ↗, ↘.)

	Trend	Per Cent
1. Changes in Students:		
(a) Enrollments in all I.R., Labor, etc., courses:		
(b) Numbers of student majors in I.R., Labor, etc.		
(c) Trends by academic level of students:		
Undergraduate		
M.A., M.S., etc.		
Ph.D.		
(d) Other trends in students_____		
2. Changes in **Courses and Curricula:**		
(a) Numbers of I.R., Labor, etc., courses offered....		
(b) New courses, established last 2, 3 years; by title:		
(c) Courses formerly offered, recently discontinued, by title:		
(d) Changed degree programs:		
(e) Changed organizational relationships—new departments, divisions, centers, schools, etc.:		

3. Changes in **Teaching Methods:**	Trend
(a) Lectures	
(b) Discussions	
(c) Cases	
(d) Case problems	
(e) Seminars	
(f) Other (specify)	

tionnaires were sent. So also did 6 responses from 7 Western schools. Some responses were incomplete; as a result, summary data are generally limited to 24 or 25 of the 28 reporting centers.

Changing students. Table 1 summarizes quantitative data provided by respondents with respect to changes in students enrolled

TABLE 1

Reported Changes in Numbers of I. R. Students, 1959–1962
(24 Reporting Schools)

	Increases		*Decreases*		*No change*	
	Number of schools	*Per cent increase*	*Number of schools*	*Per cent decrease*	*Number of schools*	*Not applicable*
All Students	18	3–44	4	10–20	2	....
I. R. Majors	12	5–36	3	5–15	4	5
Undergraduates	10	5–40	4	5–25	4	6
M.A., M.S., etc.	13	2–69	1	10	2	8
Ph.D.	9	5–70	2	10	2	11

in on-campus IR courses. For most reporting schools, enrollments have grown, in several cases by impressive proportions. Supplementary comments by respondents note that the rate of growth in some schools is about the same as that of the total university. In other schools, it is considerably greater.

A minority reports no change or a decline. Reduced numbers are principally in undergraduate programs.

Highest rates of growth are in graduate programs, where numbers may be small and rates less meaningful.

Growth thus seems to be related to changed levels of instruction. Three-fourths of the reporting schools now offer programs leading to the M.A., M.S., or M.B.A. degree with industrial relations as an area of specialization, and 13 of the reporting schools make IR a field of specialization in Ph.D. programs. Enrollments have increased in 13 of these 16 masters-level programs and in 9 of the 13 Ph.D. programs.

Respondents report 4 new masters-level programs in this 3-year period, of which 3 are M.B.A.s with industrial relations specialization. The fourth program leads to an M.A. in industrial relations. Meanwhile, two new Ph.D. programs with I.R. specialization are

reported. These changes are of special interest in view of recent criticism of educational preparation for work in this field.[1]

One respondent commented that students were, on the average, older than in earlier periods; another found that they were of "higher quality." Several mentioned rapid growth in numbers of foreign students, in one case a 3-year increase of 150 per cent.

Teaching methods. As is indicated in Table 2, reports describe some tendency to reduce use of lectures and to develop more partici-

TABLE 2

Trends in Teaching Methods
(25 Reporting Schools)

	Upward	*Downward*	*No change*	*Not reported*
Lectures	....	9	12	4
Discussions	7	0	13	5
Cases	3	1	14	7
Case Problems	7	1	13	4
Seminars	8	....	13	4

Others (one school each: conference, programmed learning, simulations, internships, buzz sessions, workshops, incident process).

pative discussion and seminar sessions. Otherwise, no significant trends in teaching methods are suggested by these returns. The questionnaire should probably have asked about visual and other aids; several respondents volunteered that they are using more slides, movies, tapes and similar facilities.

Courses and curricula. Perhaps the most conclusive evidence that significant changes are developing is provided by reports on courses and curricula. Fourteeen responses specified the total number of industrial relations courses in their schools. Totals vary from 4 to 54. Eight schools are now offering more courses than they were three years ago. None reports a reduction in numbers of courses. Eleven report no change. The remaining responses were silent on this question.

Fifteen schools have created new courses in this period. Four of the same schools and 3 others have discontinued one or more IR

[1] See, for example, Malcolm L. Denise, "The Personnel Manager and His Educational Preparation," (pp. 5–15); Russell Allen, "The Professional in Unions and His Educational Preparation," (pp. 16–29); Russell A. Smith, "Public Employment: A Neglected Area of Research and Training in Labor Relations," (pp. 30–44); all in *Industrial and Labor Relations Review*, Vol. 16, No. 1, October, 1962; also the preface to that issue.

courses. There is no pattern in the discontinued courses; none of the 7 courses is mentioned more than once.

Twenty-five recently added courses were identified by title. Many of them are not innovations in the field—for example, courses in manpower management, labor economics, union government, social security, wage and salary administration and arbitration. Some of the new courses, however, may deserve mention in part because they involve significant change and in part because several are mentioned more than once. This list includes a new course in "Industrial Relations Systems," two dealing with problems of automation, 2 on public policy in human resource development, 3 on international or comparative industrial relations, and 3 that present behavioral science approaches to organization and administration.

New curricula, involving changed departmental and divisional relationships, are described in several notes and brochures and illustrated by a new department of "International and Comparative Labor Relations." Interdepartmental cooperative teaching relationships are growing. One school returned 3 questionnaires from 3 divisons. One graduate program lists courses with industrial relations labels in 11 schools or departments. Whereas, a few years ago, economists and industrial psychologists—often in the business schools—taught the courses and conducted most of the research in industrial relations, the field is now regarded as justifying scholarly interest in several other academic areas, including anthropology, education, engineering, history, law, and political science. Within the business schools, IR courses and curricula seem to evidence two types of changes. In one, the field is increasingly recognized as appropriate for specialization. In the other, IR divisions are expected to present the broad area of manpower development—including management development—and to provide an integrated behavioral science approach to organization and administration. In one school, this is formally recognized in a new area described as "Personnel and Organization Behavior." [2]

Summary. Even the most intensive review of responses to such a

[2] In view of recent wide discussion of mathematical applications to the "functional fields," it should be noted that materials supplied by respondents include no mention or suggestion of such change. At the same time, they may imply that I.R. is achieving added recognition as a discipline. See, in this connection, Robert L. Aronson, "Research and Writing in Industrial Relations—Are They Intellectually Respectable?," *Reprint Series* No. 124, N.Y.S.S.I.L.R., 1962.

casual survey justifies nothing more than impressions. On the other hand, this survey does create impressions and encourage speculative interpretations.

It seems clear, for example, that significant changes in on-campus teaching are in process. More and somewhat different students are being offered more and different courses in changing curricula. Today's on-campus industrial relations programs are changing the dimensions of the field and are, at the same time, viewing it through different lenses.

The traditional center of attention in IR was the behavior of workers in the institutional setting of employment. Major concern surrounded labor marketing, collective bargaining and personnel management. Traditional avenues of approach included those of labor economics and industrial psychology. Both this historic focus of attention and these avenues of approach seem to be widening, and each probably contributes to expansion in the other.

Growing interest in manpower development (including formal and informal training, retraining and other educational opportunities) evidenced by IR courses in the development of human resources, national and international manpower policy, and management and executive development—may probably be traced to rising popular concern about economic and cultural growth. At the same time, changing approaches to both old and new subject matter tend to broaden the field. New insights provided by the behavioral sciences, for example, permit more sophisticated explanations of organizational behavior and administrative relationships in employment and thus encourage new and reorganized IR courses in personnel, labor relations, organization, administration, and other integrations of behavioral science contributions.

In turn, the broader scope of our interest attracts new academic allies and creates new intellectual alliances. Ties with law, engineering and the behavioral sciences are growing. At the same time, I. R. is gaining new allure in the eyes of its long-time but frequently critical associate, the business school. The typical school of business, challenged by benevolent, opulent critics to create new, viable management curricula through an injection of sophisticated theory and policy, now recognizes I.R. as a natural artery for this infusion. Although major insights from the behavioral sciences may not be readily related to balance sheets, budgets, price-earnings ratios, plant layout or procurement, they offer prolific contributions to under-

standing managerial problems in the areas of organization, administration, work motivation and the development of human resources. Even the normally depthless anecdotal, testimonial or case method can be reoriented toward research-reinforced theory and rational policy, but changing postures in case analysis are limited largely to aspects involving manpower management. Hence, industrial relations departments have been revisited and franchised and chartered to bring manpower motivation and development into the perspectives of management students, together with sophisticated analysis of organizational and administrative relationships.

RESEARCH AT THE INDUSTRIAL RELATIONS CENTERS

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The volume of industrial relations research expanded appreciably during the first post-World War II decade with the establishment of a considerable number of Centers and Institutes. Since the mid-fifties the pace of growth appears to have slackened and may have reached a plateau. Despite this development, research continues to be inadequate in several respects.

(1) In traditional descriptive-analytical terms, it has made an insufficient contribution to public policy formation.

(2) From the standpoint of constructing a scientific body of knowledge, it has added relatively little to historical understanding and even less to theoretical generalization.

(3) Methodologically, it has been, for the most part, cautious and unimaginative, relying on conventional study designs and data gathering techniques and attempting little of an experimental nature.

There are, of course, exceptions to each of these conclusions. The over-all picture, however, is not one to inspire feelings of satisfaction, if one accepts our assumptions that research in this field should advance in each of the three directions noted above.[1]

This is not to imply that the research has been qualitatively static, especially in terms of subject matter. On the contrary, a survey of the projects of ten prominent industrial relations Centers [2] at three different points in time [3] (1948, 1955–56, and 1960–62) reveals significant shifting of interests which must be partly a reflection of changing public and private policy problems, partly an index of the selective availability of Foundation funds, and partly a sign of restlessness and faddism.

[1] A fourth standard for judging industrial relations resear h is the impact which it has on the thin ing and behavior of managers and unionists, but we were not able to attempt an assessment on this basis.

[2] At California (Berkeley), Chicago, Cornell, Illinois, MIT, Minnesota, Princeton, Rutgers Wisconsin, and Yale.

[3] Taken from reports in *Personnel* and *Industrial and Labor Relations Review*.

In 1948 the industrial relations Centers reported many studies characteristic of organizations just getting started: annotated bibliographies, glossaries of technical terms, listings of suggested high priority problem areas and short "service" projects. However, the major interest in the field (nearly one-fifth of the projects) was that of *union-management relations at the plant and industry levels* and "causes of industrial peace under collective bargaining." The only other major areas of concentration were *labor economics,* specifically wage and labor market analyses, and *management organization and communication.*

In 1955–56 research in union-management relations and labor economics was still going strong and there was a tripling of management organization projects. But most of the new work in the field, as the various Centers filled out their staffs, involved different problems. Foremost was the study of *labor and industry in other countries* (spearheaded by the massive four-university, Ford Foundation-financed investigation of "The Labor Problem in Economic Development") and a mounting concern with the *position of older workers.* A less dramatic increase in research occurred in the *labor history* area.

By 1960–62 foreign studies had clearly risen to first place in terms of number of projects, with management organization (although below the 1955–56 level) and manpower (slightly up from 1955) next in popularity. Also prominent in the latest list was the subject of *technological change and automation* while *labor law* regained an interest that had fallen off in the mid-fifties. The major declines occurred, most notably, in union-management relations and, to a lesser degree, in the wage and (surprisingly) older worker-social security areas.

One other rather interesting change should be mentioned about the research reported in 1960–62: a larger portion fell outside the familiar topics of the field than in either 1948 or 1955–56. In several instances, the relationship of the topic to the field was direct, e.g., mental health problems in mass production, job expectations of younger workers, and job histories of industrial relations graduates. In other instances, the research was of a more general nature, e.g., creativity and foresight, the acquisition of knowledge by children, role playing in adult education, and the economics of education.

When one examines the reports from the industrial relations Centers on a disciplinary basis and the disciplinary backgrounds of

their authors (ascertainable in about half the cases),[4] two other conclusions seem to be indicated. One is that the traditional dominance of the labor economist has been diluted by the emergence of more broadly-trained "industrial relations" specialists;[5] that the other disciplines, such as sociology, psychology, and political science, continue to contribute a rather small minority of the researchers; and that research by inter-disciplinary teams (in contrast to group projects from one discipline) is exceptional and, unfortunately, may even be declining. The other conclusion is that industrial relations research continues to be largely empirical in character, making relatively little use of theory and contributing relatively little to the building of theory.

Obviously, no one can (or should) prescribe the research tasks of a field in which values, interests, and assumptions are so widely divergent. Some academicians view industrial relations more as an art than a science whereas others hold the opposite opinion. Some contend that theory-building is premature and others that it is long overdue. There is even controversy over whether a unified field of study exists.

The following final comments reflect some personal criteria which may not be shared by many of our colleagues:

(1) The traditional research interest in *public policy,* which is being continued by the Centers, is sound but its implementation needs strengthening. Projects tend to be too limited in nature and often lack timeliness. Moreover, there are not enough of them. Controversial issues are frequently eschewed for fear of antagonizing one interest group or another. Inquiries challenging existing social patterns or values are rare.

(2) Empirical research may be adequate to yield descriptive data and to provide the basis for short-term policy determination, but no field of study can progress significantly without a *stock of theories* to guide researchers and to stimulate the cumulation of tested or verified knowledge. The Centers have failed to take the needed leadership in this respect.

(3) Industrial relations students must depend on the more basic

[4] The two are not necessarily synonymous.

[5] The Ph.D. degree in Labor and Industrial Relations is now offered in two of the ten Centers and doctorates in social science, commerce, and business administration also permit industrial relations specialization.

disciplines for new *methodological ideas,* but more attention by them to these ideas would not be amiss. While one can appreciate the criticisms directed at those methodologists who move mountains of over-refined data to uncover a mole of substance, the persistent negativism of the critics has added little to the field.

CONSTANCY AND CHANGE IN INDUSTRIAL RELATIONS RESEARCH PROGRAMS

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If we follow Professor Derber's lead and analyze trends in university industrial relations research under the three headings: subject-matter, objectives and methodology, it can be fairly concluded that (1) the subject-matter has not changed in any secular sense but is influenced by irregular and cyclical fluctuations; (2) the primary objective of industrial relations research has always been to guide the formation of public and private policy, but the very concentration on short-range, practical issues hampers the effective achievement of this objective; and (3) the methodology of industrial relations research has progressed very slowly toward a status which alone would justify its existence as a distinct field of study, but, in spite of recent backsliding, there is hope for an acceleration of progress in the future. These propositions are defended in the discussion which follows.

SUBJECT-MATTER FIELDS

The predominant subject-matter of research in industrial relations appears to be more closely geared to the daily newspaper headlines than to any other indicator. In the present period of above-average unemployment levels and spine-tingling stories of automation in the popular media, we find that 37 per cent of all respondents in a recent IRRA survey were conducting research in the labor-market field, with a heavy concentration on problems of unemployment and technological change (Table 1). Five years ago, when the current era of depressed economic conditions was about to begin, only a little over one-fifth of the respondents in a similar survey were working on labor market problems, and very few of these were concerned with questions of unemployment and automation. In those far-off days—five long years ago—researchers were more concerned with labor-management relations and personnel management; and, within the labor-market field, problems of labor shortages and the wage-inflation relationship were the principal centers of attention.

Such cyclical patterns, rather than long-run trends, are clearly discernible throughout the modern history of research in the labor field. Labor-market emphases are specially notable in this regard. In

TABLE 1

Research Activities of I.R.R.A. Members; 1957, 1958, 1962

Field of Research Activity	*Percentage of Field Designations**		
	1957	*1958*	*1962*
Labor Relations	24.4	17.9	14.4
Collective Bargaining & Grievances	48.8	43.2	52.6
Labor Disputes & Settlement	51.2	43.2	43.9
Other	.....	13.6	3.5
Labor Movements & Organization	16.1	19.3	15.4
Historical Development	25.9	22.5	19.7
Union Structure & Government	55.6	27.5	34.4
Union Philosophies & Politics	11.1	15.0	21.3
Foreign Labor Movements	7.4	30.0	19.7
Other	.....	5.0	4.9
The Labor Market	21.4	22.2	37.5
Labor Supply & Mobility	38.9	26.1	17.6
Labor Demand & Utilization	11.1	8.7	14.2
Unemployment Problems	8.3	13.1	21.6
Automation, Technology, Productivity	2.8	15.2	17.6
Wages, Earnings & Fringe Benefits	27.8	21.7	22.3
International Manpower Studies	11.1	15.2	4.0
Other	.....	.....	2.7
Personnel & Human Relations	24.4	24.6	20.5
Organizational Behavior	12.2	11.8	33.3
Attitudes, Communication, Morale	19.5	19.6	16.0
Management Development	21.9	31.4	12.4
Industrial Relations Executives	17.1	11.8	6.2
Selection and Training	17.1	11.8	8.7
Job Evaluation and Rating	12.2	5.8	4.9
Other	.....	7.8	18.5
Social Insurance and Welfare	8.9	9.7	8.4
Social Security, General	13.3	20.0	24.2
Unemployment Insurance	20.0	20.0	24.2
Disability, Health, Workmen's Comp.	46.7	35.0	12.1
Older Workers, Retirement	6.7	15.0	27.4
Other	13.3	10.0	12.1
Labor Law & Legislation	4.8	6.3	3.8
TOTAL	168 = 100%	207 = 100%	395 = 100%

Source: *Current Industrial Relations Research, 1957.* Industrial Relations Research Association (Industrial Relations Center, University of Minnesota, 1957); *Catalog of Current Industrial Relations Research, 1958.* Industrial Relations Research Association. (Madison, Wisconsin, 1959); Survey of Current Research Activity and Interest, 1962. Industrial Relations Research Association. (Unpublished.)

* In the 1957 and 1958 surveys, research projects were classified into subject-matter fields by the editors on the basis of project descriptions submitted by respondents. In the 1962 survey, respondents were asked to designate the field or fields in which their research fell, and these designations were used in the tabulations. Respondents numbered 140 in 1957, 130 in 1958 and 160 in 1962. The total number of field designations is greater than the number of respondents since many IRRA members were engaged in more than one research project, and in the 1958 and 1962 tabulations, a project which covered more than one subject-matter field was included in more than one field.

the years of labor shortage following the first world war, there was widespread research on labor turnover, spearheaded by Sumner Slichter's *Turnover of Factory Labor* in 1919. By the latter thirties, as is indicated in doctoral dissertations of the period, emphasis had turned almost entirely to research on unemployment and protective legislation,[1] only to be reversed again with concentration on labor mobility, shortages and wage-inflation problems in the full employment of the forties and early fifties; and back to unemployment research in the present period.

If research on unemployment follows the short cycle, investigation into the impact of technology follows a long cycle, reflecting the intensity of technical advance of the times. The Department of Labor's current series of studies on the effects of automation—as part of a widespread research attack on this question by government and university investigators—has its counterpart in the Bureau of Labor Statistics' bulletins of the early years of this century, dealing with the impact of the mechanical revolution in glass manufacturing and other industries. Here, as in most areas of industrial relations research, we can certainly say *plus ça change, plus c'est la même chose.*

Many of the present industrial relations centers came into being in the years immediately following World War II, in the midst of the great postwar strikes, and, indeed, in some cases they resulted from legislative pressure to "do something about" these strikes. It is not surprising, then, that concentration on labor relations problems was an early characteristic of the centers. Although this initial labor-management impetus continues to provide the flavor of many center research programs, the study of labor relations has suffered a relative decline in recent years. The one area of research within the union-management field which has increased considerably in the last five years is that of union administration. This growth coincided with the Congressional investigations, newspaper headlines and the Landrum-Griffin Act.

As is seen in Table 1, two other areas of research have gained in recent years among industrial relations investigators: foreign labor studies and organizational behavior within the business firm. It remains to be seen whether these, too, continue to provide a major focus for future research or, like the "fads" of earlier times, fade into relative decline only to be resurrected at a later date.

[1] *Doctoral Dissertations in Labor and Industrial Relations, 1933-1953.* (Institute of Labor and Industrial Relations, University of Illinois, 1955.)

What will be the principal areas of research in the next few years? When asked to indicate future research priorities in a 1958 survey of IRRA members, respondents stressed such subjects as union administration, automation and foreign studies,[2] which have continued to be major fields of research. But they also stressed such topics as collective bargaining and inflation and amendments to the Taft-Hartley Act. The newspaper headlines which prompted these suggestions were already beginning to fade at the time of the survey, however, and the priorities were shelved. A similar survey of suggested priorities in 1962 (see Table 2), indicates that major attention will be given in the future to the labor market, especially unemployment and automation problems. But it is now clear that the actual research concentration on these topics will depend on the phase of the business cycle.

TABLE 2

Priorities in Future Industrial Relations Research
As Ranked by I.R.R.A. Members, 1962

	Number of Designations by Research Field					
Priority ranking	*Labor market*	*Labor relations*	*Labor movements and organization*	*Personnel and human relations*	*Social insurance and welfare*	*Labor law and legislation*
First	22	12	9	7	3	4
Second	13	15	9	5	4	2
Third	2	6	7	7	6	4
Fourth	3	2	2	4	1	1
Fifth	1	....	4	4	1	5
Unranked Priority	34	15	18	18	19	3
Total	75	50	49	45	34	19

Source: Mail Survey of members of the Industrial Relations Research Association, September–December, 1962.

RESEARCH OBJECTIVES AND METHODOLOGY

The close relationship between areas of major research and the problems of the day reflects the concern with the formulation of policies to deal with these problems. But there is a cobweb effect here. It takes time to develop, organize and conduct a meaningful research project, and it may come to fruition only after the initial problem has

[2] *Catalog of Current Industrial Relations Research, 1958.* Industrial Relations Research Association (Madison, 1959), pp. 43–5.

disappeared. If the first line of research is then curtailed in hot pursuit of a new problem, few worthwhile and timely policy recommendations are likely to emerge.

If industrial relations research is to play a more influential role in policy formation, the researcher must break his connection with the ephemeral happenings of the day. Long-range research projects, based on carefully formulated theoretical propositions, will be more productive of useful policy recommendations when such recommendations are required than a tilting at the windmills of passing fancy. Usefully applied industrial relations cannot spring full blown out of a vacuum of desire to influence policy. It must stem from basic, long-term research into continuing industrial relations phenomena.

The theoretical formulations needed for such basic research in the industrial relations field are most likely to develop out of a cooperative multi-disciplinary program. In spite of some disclaimers to the contrary in recent times, industrial relations can be justified as a separate field of study, distinct from each of the traditional disciplines, only if it combines the content and methodology of these disciplines in a meaningful and coherent fashion.[8]

A hopeful sign leading to these goals can be discerned in some recent trends. Most notable of these are the large-scale research grants which are now finally finding their way into the industrial relations realm. Such grants can wield great influence on the patterns of university research, as seen in the inter-university programs for the study of labor in economic development and the attack on structural unemployment problems. In the past, large research grants have often encouraged concentration on the so-called practical, short-run problems at the expense of basic and long-run investigations. But it need not always be so. With a little well-placed educational effort, foundation-supported, large-scale, long-range group research efforts may provide the basis for the final emergence of industrial relations as a respected and respectable field of basic research and policy formulation.

[8] This point is discussed in greater detail in the author's "The Labor Market and Industrial Relations Research," in *Essays on Industrial Relations Research* (Institute of Labor and Industrial Relations, University of Michigan-Wayne State University, 1961), pp. 45–72.

LABOR PROGRAMS IN UNIVERSITIES—THE NEXT PHASE

ARTHUR CARSTENS

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There is general agreement that the 1960s will be marked by a substantial change in the types of university services required by unions and other groups of organized workers.

At the close of World War II when many universities began to concern themselves with union programs, the recognized need was the training of persons concerned with labor-management relations. There was an acute need for union representatives equipped with some knowledge relating to contract negotiations, fringe benefits, and labor law.

During the past twenty yars much of the labor-management process has been professionalized. Many negotiators are now supported by trained and experienced union research staffs. The point of university contact for negotiators has shifted to the graduate schools.

The union problem that is moving to the center of the stage is the problem of arrested union growth. In recent years membership in American unions has remained steady at about 18.5 million. The proportion of organized workers in the civilian work force has declined to less than 26 percent. In many important industrial sectors the proportion of organized workers is less than 10 percent. This erosion in union strength threatens the collective bargaining process and casts doubts on our capacity to support a meaningful form of industrial democracy.

THE UNION PROBLEM

There are few periods in recent history when there has been more intensive reexamination of labor's goals by intellectuals and leaders within Labor's own ranks. Certainly, dissatisfaction with efforts of unions to cope with the problems of union growth has never been greater. There is a steady flow of publications and reports dealing with problems of eroding membership—unemployment and empty seats in union halls.

As the discussion proceeds, attention is now focusing on a series of specific questions, of which the following are examples:

(a) What accommodation must be made by unions to enlist the support of increasing numbers of white-collar and professional workers?

(b) To what extent does future union growth depend upon the expansion of union functions beyond the areas of traditional union activity? For instance, is it important to union growth that union leaders recognize the scope of individual as well as collective action? As a means of bringing the postwar worker into union ranks, should unions develop institutions to facilitate mobility—occupationally, geographically, industrially? Should workers be given more choice of jobs, choice of work, choice in the use of time? In other words, should more stress be laid on individual liberty by supporting efforts of individuals to adapt to change and to fulfill personal ambitions?

(c) Should we redesign security and fringe benefit systems to give more emphasis to individual needs?

(d) Can we redesign and improve economic security systems to facilitate technological change?

(e) To what extent can unions be helped to develop systems of communications designed to: (1) protect the right of minorities to express views, (2) facilitate two-way communication, (3) increase participation by rank and filers in decision-making processes, and (4) encourage expression of views by members of the outside community?

Questions such as these suggest the need for joint exploration by behavioral scientists and union representatives concerned with the erosion of union membership.

THE UNIVERSITY PROBLEM—AND OPPORTUNITY

There has never been a period in history when more unions have been willing to participate in joint union-university programs. The success of universities in meeting this challenge depends upon their willingness to

(a) provide support for action research by behavioral scientists concerned with problems of union growth,

(b) participate in joint union-university appraisals of union programs,

(c) develop materials for use in secondary schools, and provide resources to evaluate social studies programs,

(d) focus more effort on the evaluation of economic security programs,

(e) provide short-term adequately financed research fellowships for unionists, and

(f) place greater emphasis on courses designed to develop new patterns of thought and stimulate interest in the exploration of new ideas. Unionists will not work for change unless they are convinced that change is needed. Emphasis on bread-and-butter subjects will not adequately serve the needs of present-day unions.

Implementation of this program will be difficult for most universities. Existing budgets do not include funds for research action or appraisal programs. Many institutional obstacles confront behavioral and social scientists interested in involvement in action research or appraisal. "New direction" programs are more difficult to plan, to staff, and to finance than are bread-and-butter classes.

These are problems that can be overcome. Nothing is as powerful as an idea whose time has come.

THE CHANGING NATURE OF UNIVERSITY LABOR EDUCATION PROGRAMS

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With a few notable exceptions university workers' education began its slow growth after World War II. By university labor programs I mean those operations that employ one or more full-time persons who carry on classes and institutes for workers on a year-round basis. One further point of limitation is that I am not restricting my discussion, as the title of this panel might suggest, to "change" in labor education and industrial "centers."

The placement of the labor education function within the institution itself, irrespective of all the elaborate studies, is decided upon by expediency. With few exceptions, no college, school or department wants to become involved. The function is considered either too risky or not academic enough, and usually both. The labor program is placed where it can do the least harm, where it can be protected, where it can be watched, and/or where it can be surrounded by the mystique of industrial relations, community programs, and research.

Today (1962) there is a much greater acceptance of labor programs by universities and within universities. The growth in the numbers of programs is one measure. In 1946 there were eleven institutions of higher learning that had on-going labor education programs. Five of these eleven were, in fact, started in 1946. There are now twenty-four such institutions, with others promising to open within the next two years. These services, schools and programs have a total staff of over seventy-five "professionals." This growth has been occasioned by the belated realization that the structure of American society is changing and that political power will inevitably move to the urban and industrial voter. It is interesting to note, for example, that fifteen of the twenty-four full-time programs are located in land grant universities.

Moreover, the increase of union political power and the urgency of the demand have made the last decade more propitious for beginning such programs. Also, there is safety in numbers. The university president does not feel quite so "far-out" if he can look over the borders of his own state and see similar enterprises in other universities.

With the establishment of a program the university finds a new corridor to an important segment of the community. Very often the administration understands this and is more sympathetic than is the faculty. In the beginning days faculty interest and support is limited to a few idealists and persons who have been involved with the labor movement.

At this point there is little real faculty participation and so it remains for several years. The reason is that it is usually necessary to start the program with a heavy emphasis on "tool" subjects. Such emphasis naturally distresses the vast majority of academics. As the program progresses it starts to call upon the various disciplines for materials, teaching, and advice. Gradually more faculty become involved. So, by the very nature of the development there has been—has had to be—some increase in faculty support. This support has been more than welcome. It has helped in the pull and haul of internal university politics. But, more importantly it has helped to upgrade the programs themselves.

Another change that has come about in the last sixteen years is the increase in status enjoyed by the directors of labor programs. This is reflected by the number of universities that have given the workers' educators rank and tenure.

A most decided change has come about *vis-a-vis* the labor movement. In the late 1940s unions were almost pathologically suspicious of universities although pressing for more university programs all the while. This concern was genuine and in its more reasonable aspects, very much needed. University programs were new and their staffs were inexperienced. Moreover, they were able to get close to the union membership and this posed a real threat if not properly handled.

Within the past few years, however, this attitude has changed. It might even be said that unions do not challenge universities enough and that university Labor Advisory Committees have become, in too many instances, simply *pro-forma* operations.

There are several reason for this change of attitude—from great suspicion to acceptance. The Inter-University Labor Education Committee helped to bring the unions and the universitiees closer together. There has been a substantial amount of job movement between unions and universities which has led to an increase in respect and understanding. Finally, in many ways university programs are now more

viable than all but a handful of union programs. They can reach out, experiment, and do things that few union programs can attempt.

During the opening years of a labor program, it is of prime importance to get the trust of the local labor movement. This trust is won by dealing with subjects that the local union president and shop steward are already knowledgeable about. These subjects are shop steward training, parliamentary procedure, labor history, and the like. If these programs are done with knowledge, friendliness and sympathy, then the local Education Committee often feels that they can "trust" the university to go into areas wherein they have less knowledge or which are more controversial.

All programs have progressed from the strictly tool subjects to offerings that attempt to enrich and enlarge horizons. This is not to say that the "tool" subjects have been dropped. These are just as necessary today as they were sixteen years ago. They have become, however, a less large part of the total program.

All that I have recorded above indicates change—*growth in numbers, higher status within the institution, more acceptance by the labor movement, and more course and subject matter variety.*

It is my belief, however, that this change has been humdrum, and in its essence rather normal. Staffs have generally remained small and in almost all programs they seem to spend most of their time pounding out redrafts of old materials and rehashes of old classes and conferences. We are still doing much more training than educating. And, we have learned well from our academic brethren, for we, too, are now placing too many of our hopes on foundation monies.

We are in an age of rapid change. The average adult daily falls behind the tremendous glut of new discoveries, new facts, and changing opinions. Old answers are found wanting and old verities are now characterized as myths. This is a challenge of major proportions.

Obviously workers' education can have only a small part in the job that is ahead, which is essentially that of the continuing education of all adults. Workers' educators, however, have remained fairly aloof from the main stream of adult education and have taken pains to point out their uniqueness. Remaining separate and developing in our own way was necessary a few years ago. It is not so applicable today. I do not mean to imply that university labor services should not maintain their individuality and their specialized programs. I do argue that we should become more closely affiliated ideologically with

the adult education movement and that we should work toward an effective merger of all adult education forces.

In any case, the adult education movement will continue to grow at an increasing rate. If we do not move with them we will grow at a diminishing rate and will be denied a place in their councils. Workers' educators, in effect, speak for the labor movement and for workers within the university and our impact can be crucial with respect to direction and program.

More importantly, we have the responsibility of seeing that workers are given full opportunity to participate in all the activities that the university and university adult education have to offer.

THE CHANGING NATURE OF MANAGEMENT EDUCATION IN INDUSTRIAL RELATIONS PROGRAMS

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Four major trends seem to be evident in recent training of management through Industrial Relations Centers. Each of these is comprehensive, and puts an entirely different emphasis upon the activities of Industrial Relations Management Training than in the past —say a decade ago. In the interests of brevity, allow me to launch into a simple description of these trends.

1. THE OBJECTIVES ARE CHANGED

The industrial relations education program of fifteen years ago could probably have been stated somewhat as follows: "to teach managers the structure and function of unions; to propose that unions are here to stay; and to teach managers how to live harmoniously and productively with unions." Such objectives today would require some serious disguising if they were to be presented to the average management group. By 1955 it was obvious that a firmer line in management toward unions was here, and that University education which attempted to stem this tide would not be accepted. The universities however were not yet ready to teach exactly what their managerial students wanted to hear. Few University courses have offered occupational guidance on how to weaken unions at the bargaining table, although certain courses on "political actions for managers" sometimes skirt quite close. For the most part the present day University courses for managers have these objectives:

a. To teach *general management* skills. Harbison has pointed out that personnel management and general management are becoming more and more alike, and this is borne out in the general management orientation of Industrial Relations Management Courses.
b. More emphasis upon *creating generalists.* More university industrial relations courses are centered around the process of broadening the outlook of the executive, especially with regard to human relations skills.

c. *Sensitivity Training.* One of the more interesting developments has been the rise of laboratory type courses in which the goal is to develop awareness, sensitivity and group skills in managers. These are often conducted through leaderless groups, and other group psychological methods.
d. There are more courses aimed at *improving company productivity.* More courses, seminars and conferences are being designed to train managers to become more effective in their jobs, thereby improving productivity and enhancing profit.

2. NATURE AND SIZE OF GROUPS IS DIFFERENT

The day of the large educational convention of mixed audiences seems to have diminished. American Management Association's Fall Personnel Conference and Midwinter Personnel Conferences which once attracted thousands now draw only a few hundred at most. University mass conferences fail to draw nearly as many as in the past. While some of the trade assications and groups such as the learned societies still have larger attendance, they are usually not educational conferences. Fewer and fewer people come to hear the papers. They come to hire new men, or find a job. They come to sell books or equipment, or to shop for it. They come to socialize. They come to politik for office, or make personal contacts. The big conferences today are filled only by people whose one question of the other registrants is "who is the customer here?"

Management education is being performed mainly in small groups. Seminars, colloquia, and other small group meetings have enhanced greatly in number and significance since 1955. More participation, more intense specialization of subject matter, more attention to personal problems, the use of new methods of teaching are all made possible with the smaller group which isn't possible in the larger conference.

Management courses are likewise shrinking in numbers of persons at each, and enlarging in the number of courses offered. The prices are also enlarging per registrant. This is in part justified by the added costs of smaller groups.

3. INSTRUCTIONAL METHODS ARE CHANGING

The use of what McGregor describes as "production line" methods of teaching courses are being outmoded. The "unit hour" concept of education for managers is being supplanted by a more sophisticated

method of instruction. Some of the variants of the new method are these:

a. *The case method.* The use of case studies, pertinent to the objectives of the training session are on the increase. The number of cases available through Harvard and elsewhere are higher than ever before. More cases in the non-manufacturing areas and industries such as insurance, banking, research, retailing and foreign operations is increasing.

b. *Management games.* Several varieties of management games—or simulation exercises—are now being used in management education. Some require the use of a computer, while others are simple pencil and paper exercises. Often they are competitive in nature, either in teams or as individuals. When accompanied by critiques and discussion they have proven highly effective.

c. *Role playing.* Norman Maier's studies have shown that role playing, in which a manager assumes the social role of another person, has more effect upon the manager in changed behavior than other forms of training. A number of variations of this basic method have been developed, relating them to games, cases and other training. Group role playing, individual role playing, and intergroup role enactment are now ordinary in management training.

d. *In-Basket exercises.* A special instrument for training which has gained increased acceptance in recent years has been the use of a constructed package of information which simulates the in-basket materials of a hypothetical manager. The procedure is for the manager trainee to work through the materials for a stipulated period of time, after which he engages in a critique and discussion of his approach, his decision making and problem solving ability and his analytical styles.

e. *Programmed instruction.* One of the most interesting and newest methods of instruction is that of the teaching machine or program book for manager. At Michigan we have added a Center for Programmed Learning for Business, and have trained over 100 training directors from industry to write and test their own programs. For presenting factual information, this is perhaps the fastest and most effective method available. For value judgments or attitude changing there are numerous limitations. Perhaps the most important aspect of the programmed instruction is the underlying learning theory which it proposes. Teaching is defined as the "Changing of behavior."

If such a definition were to be widely adopted, much of what is now identified as management training would not fit as "training."

4. INCREASED ATTENTION TO MANAGEMENT APPRAISALS

The final trend is toward advising companies upon the proper systems of appraisal, rather than simply conducting courses which are apart from job experience. The trends here are along these lines:

a. Avoidance of personality type of appraisals. The majority of students of personnel in the field are advising the abandonment of appraisals for personality traits.

b. Management by objectives types are rising. The system of appraisals in which the goals are agreed upon in advance, either by edict or by participation, between a man and his boss. The appraisal is now centered on results compared with standards, rather than the vague standard of personality factors.

The virtues of this new emphasis upon appraisals is that it overcomes the problem of transferring training back to the job. It draws on the fact that managers learn most of their managerial habits from their boss through imitation. This trend would draw on this normal relationship to change behavior through improving the quality of that relationship to improve performance of managers.

CONCLUSIONS

From these trends it is apparent that most Industrial Relations centers are not expending very much effort in training managers in labor relations. A few courses in grievance handling for foremen; or arbitration procedures, and labor law for manufacturing managers are offset by a general trend toward making management more professional. The development of class interest in managers is almost completely ignored, and general management people simply won't attend meetings which have any emphasis that might question or even discuss the new "hard line."

The trend then isn't toward finding paths to cooperation with unions, nor toward fighting them vigorously. The latter is well taken care of by company strategists without help offered nor sought, thank you, from the colleges. The end result is that managers think more professionally about their jobs, the skills required, the conceptual tools used, and treat the union relations problems as something to be—like the union itself—isolated from the problems of managing the business.

In abetting this management strategy of isolation of union relations, one company president instructed his general managers: "try not to be *dragged down* into union relations." The end effect has been to turn union relations more and more over to manufacturing managers and their paid gladiators in labor relations, while the higher level managers get on with the more professional and respectable tasks of organization, planning, marketing, finance, and research strategies.

UNIVERSITY PROGRAMS ABROAD [1]

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One of the outstanding and often cited postwar developments in American higher education is the enlistment of universities in overseas technical assistance programs. In 1962 alone, 88 universities were responsible for the administration of 107 programs in 37 countries at a total cost of over $100,000,000, financed by the Agency for International Development (AID).[2] A substantial number of additional programs were being supported by private foundations and in some cases by the universities themselves.

In most overseas programs a university or one of its administrative units has committed a portion of its resources to one or more of the following purposes: (1) establishing or strengthening a university department or even an entire university; (2) developing a public or private function essential to economic development (e.g. primary and secondary education, agricultural production, medical services); (3) furnishing advice and consultation to governments (e.g. in drawing up economic development plans); and (4) training foreign professional, managerial, and technical personnel.

The current priority list of governments and foundations as measured by the number of ongoing programs accords the highest ranking to such fields as agriculture, public administration, public health, educational systems, engineering, and business administration. Technical assistance programs in industrial relations constitute only a small fraction of the total overseas efforts of American universities. Among the few major institutional commitments in our field the following may be cited for illustrative purposes. The Institute of Labor and Industrial Relations at the University of Illinois is cooperating with the U. S. Department of Labor in developing an effective program of visits to the United States by a large number of Japanese trade union teams and is developing a close institutional relationship with the Institute of Labor and Management Studies at Keio University in Tokyo. The School of Industrial and Labor Relations at Cornell Uni-

[1] I am indebted to my colleague Professor James Morris for his excellent suggestions.

[2] Agency for International Development, *AID-Financed University Contracts as of June 30, 1962.* (Washington, D. C., U. S. Department of State, 1962), p. 3.

versity is helping to establish a Department of Labor Relations at the University of Chile and is planning to help develop a Central Institute of Labor Research in India. The Institute of Labor Relations at the University of Puerto Rico has long been involved in training programs for Latin American trade unionists. Industrial relations centers in other universities have also from time to time contributed to technical assistance programs abroad, although most of these efforts have been of relatively short duration and have been carried on by individual staff members rather than by the institution.

During the next two decades the demand for overseas institutional commitments by university industrial relations centers is likely to increase considerably. Under the impact of the foreseeable consequences of industrialization, the developing countries will seek assistance in the establishment of local institutions capable of producing skilled industrial relations personnel for government agencies and industry, training labor leaders for their organizing, negotiating, and educational functions, and conducting objective research of a basic and service character. In their ability to respond positively to such requests, U. S. universities will have a decided edge over the very small number of comparable institutions in other industrialized countries. An already demonstrated willingness to engage in institution building overseas, reasonably adequate personnel resources, the sizeable funds potentially available from government and foundation sources, prestige considerations (which are however often misplaced), and the amazing mobility of American professors will almost certainly result in a substantial increase in university-operated overseas programs in industrial relations.

Such programs create problems for which there are few guide lines in our traditional teaching, research, and extension activities. Yet, most of these problems are not unique to industrial relations. The excellent studies and evaluations of foreign operations which have been published in the last few years, especially those of the Institute of Research on Overseas Programs at Michigan State University, should be required reading in institutions which may become involved in overseas industrial relations programs.[8] A few problems

[8] Richard N. Adams and Charles C. Cumberland, *United States University Cooperation in Latin America.* (East Lansing, Michigan, Institute of Research on Overseas Programs, Michigan State University, 1960.)

Walter Adams and John A. Garraty, *Is the World Our Campus?* (East Lansing, Michigan, Michigan State University Press, 1960.)

Martin Bronfenbrenner, *Academic Encounter: The American University in Japan and Korea.* (Glencoe, Illinois, The Free Press, and East Lansing, Michi-

do have a special bearing on overseas technical assistance programs in industrial relations, especially those programs in which an American institution is asked to help establish a university-level institute or department of industrial relations abroad:

1. With very few exceptions, there will be a shortage or complete absence of local university personnel capable of teaching and conducting research in industrial relations. The American institution will therefore confront at the very outset the problem of having to train most if not all of the initial local staff, probably on the U. S. campus. This raises a number of difficult problems of which perhaps the most important one relates to the question of standards. How does one attract competent students at the graduate level to a new field and to a new profession as future teachers, researchers, and practitioners? In the developing countries, the traditional and still the most prestigious faculties of law, medicine, and the humanities are likely to have the better professors, more secure finances, established reputations, and usually the brighter students. The fact that industrial relations is a new field with an uncertain future not only within the university structure but also in the industrial community entails risks which outstanding students are apparently unwilling to assume. As a result, some compromise with established standards of excellence may be necessary in the initial stages of a university-to-university industrial relations program if there is to be a program at all. Obviously, such compromises must not be too far reaching since otherwise the reputation of the field will suffer irreparable damage in the academic community.

2. The specific location of an industrial relations department or institute in the context of a foreign university is likely to involve an initial choice between independent existence or attachment to an established faculty, such as law, economics, political science, business

igan, The Bureau of Social and Political Research of Michigan State University, 1961.)

Henry C. Hart, *Campus India: An Appraisal of American College Programs in India.* (East Lansing, Michigan, Michigan State University Press, 1961.)

Bruce L. Smith, *Indonesian-American Cooperation in Higher Education.* (East Lansing, Michigan, Institute of Research on Overseas Programs, Michigan State University, 1960.)

Edward W. Weidner, *The World Role of Universities.* (New York, McGraw Hill, 1962.) This is the most important study yet to emerge from Michigan State's Center.

Edward W. Weidner and Associates, *The International Programs of American Universities.* (East Lansing, Michigan, Institute of Research on Overseas Programs, Michigan State University, 1958.)

administration, or even engineering. Given the administrative structure and internal financial operation of universities in other countries —and recognizing the existence of considerable diversity—there is probably more institutional protection and financial security for a new unit in an attached rather than in an independent existence, at least during the first few years. On the other hand, affiliation to an existing faculty may result in adherence to an entrenched *modus operandi* which could well stultify the intellectual growth of a new department. Moreover, the traditional self-contained and compartmentalized character of university faculties abroad, as for example in Latin America, may easily inhibit the development of the interdisciplinary character of the industrial relations department by forcing it to acquire a predominant orientation toward economics, law, or engineering.

3. Most American industrial relations centers consider their extension services for labor, management, and community groups to be an integral part of their work. Because of the general absence of a tradition of community service in universities abroad, university administrators and faculties will probably resist the initial development of an extenson service. Prevailing political circumstances may reinforce deep seated attitudes of skepticism or opposition toward extension work, particularly for labor organizations. On the other hand, governments and even management groups will probably encourage and support extension programs for unions, partly in the hope that their own difficulties will be mitigated if they could only deal with better educated and informed union representative.

4. As a rule, U. S. industrial relations centers do not have a sufficient number of faculty members to staff a major overseas program entirely with staff drawn from their own ranks, particularly if the project involves an area where knowledge of another language is essential. This problem can of course be met by temporarily hiring staff members of sister institutions to serve as visiting overseas professors. An alternative which has already been employed in some fields but not in industrial relations is the establishment of a consortium of industrial relations centers. This might take the form of an *ad hoc* pooling of the institutional resources of several centers or the development of a more permanent clearing house and inter-institutional administrative center for overseas industrial relations programs. Because it will probably be easier to cooperate initially on a single program basis, I suggest that the directors and faculties of industrial relations centers consider the establishment of

a consortium when a major program is proposed which cannot be handled adequately by any single institution.

Finally, the question may be asked whether it is worthwhile for industrial relations centers to accept overseas commitments which almost inevitably place some strain on their resources and normal operations? Obviously one cannot answer such a question in absolute terms. But one can at least indicate the principal factors which ought to be the preconditions of any institutional commitment. These are (a) the demonstration of a tangible need and interest abroad for the development of a university-level industrial relations program; (b) a determination to maximize the academic value of an overseas program for the benefit of the research and teaching activities of the U. S. institution; (c) faculty approval of the program and the assurance of participation by qualified senior faculty members; (d) preservation of institutional independence and control over the program vis-a-vis governments and other sponsors; and (e) provision for adequate administrative arrangements on the U. S. campus and abroad.

UNIVERSITY AND GOVERNMENT RELATIONS

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It was inevitable that, with the mushrooming of institutes or departments of industrial relations in the universities, there would be a concomitant development of relationships between these institutes and governments of various levels. Governments confronted with the social and economic problems of industrialism might be expected to respond by (a) encouraging the establishment of institutes of industrial relations to provide community services; (b) to urge the development of particular training or teaching programmes; (c) to give direction and support to research; (d) to encourage educational programmes designed to train the practitioner for employment in the public service; (e) to utilize the available staff of the university institutes for consultation, part-time research, or for service on either permanent or ad hoc boards and tribunals involved in industrial relations problems. These are the issues touched in this brief report. Emphasis has been placed on the United States but one or two unique aspects of the Canadian picture have been included.

A simple questionnaire was used. Financial support was explored with regard to the percentage of revenues derived from the three levels of government. As might be expected the state governments supply the lion's share of public funds. Of thirty-six replies approximately fifty percent reported substantial support from state governments. The degree of support ranged from 10% to 100% of the revenues. Nine institutions, all state universities, reported that all their revenues came from state funds. Five institutions reported that they received federal funds ranging from 2% to 25% of their total revenues. One reported that 5% of its revenues came from a municipality. Twelve institutions reported that they received no public funds as part of their general revenues.

The second question directed to finding out to what extent grants by governmental bodies were earmarked for specific purposes revealed that much of the Federal money going to the universities is in the form of tied grants for specific research purposes. In addition, some institutions are receiving Federal grants to defray the costs of non-research projects which the government may wish to see carried out, such as conferences and short courses for persons from underdeveloped countries.

The financial relationship in the United States may be summarized somewhat as follows: a considerable number of institutes receive no financial support directly or indirectly from any level of government. The largest sources of public funds which is allocated to industrial relations in the universities comes from the state governments, either as part of the general appropriation for the university or as earmarked funds for specific programmes of research or teaching. There is practically no municipal support. Federal money is exclusively earmarked and comes through some agency with a specific interest in the service the university may provide either in research propects or teaching programmes, especially related to foreign technical assistance.

Canada is different. There is no constitutional barrier to the use of public funds in confessional schools. Colleges and universities operated by specific churches may and do receive public support. Both Provincial and Federal Governments help to finance these and other institutions. This means that industrial relations departments in any of the universities which are members of the Canadian Universities foundation may be supported by Federal funds unless the university itself decides otherwise; but this support is general. However, the bulk of public support comes from the provinces. One reporting institution estimated that 70% of its revenues came from the province in which it is located and 10% from the national government. Industrial Relations Departments in two universities receive neither provincial nor federal financial aid. None of the reporting Canadian institutions indicated any experience with continuing funds earmarked for special purposes in the name of the department. One reported plans to develop a research programme with provincial and municipal support. Thus almost all industrial relations departments are financed indirectly by both Federal and Provincial governments. There is no earmarking and little or no experience in operating training programmes like those established in support of the technical assistance programme in the United States.

The second group of questions concerned education and training programmes for public service personnel. Two questions were submitted. The first concerned short term courses or extension programmes in answer to government request. The second asked if the institution offered university training specifically designed for industrial relations employment in the public service. Eleven United States universities replied to a more or less affirimative degree regarding each or both of these questions. Examples included extension

and short courses in personnel administration to specified government departments. All three levels of government are involved. Approximately 70% of the reporting institutions do not provide such services. A belief was expressed that increasing acceptance of collective bargaining in the public sector may lead universities into extensive activity in this area.

Thirteen institutions reported undertaking research for government departments, frequently on a contract basis. Seven reported joint research projects involving both government and university personnel. Research relations exist with both State and Federal agencies. Thirteen institutes reported no research on behalf of government. The other extreme was the center which considered itself a department of government and undertook research or assignment from the state, staff members having no alternative. Generally, however, staff members are free to engage in government research independently although time, and sometimes salary restraints may be imposed by the university. One requires that such research shall advance the programme of the Center.

Staff members are used as consultants regarding public policy, and on technical matters such as statistical method, as well as on fact finding boards, special investigations, and in Canada on conciliation and arbitration boards which in some cases are compulsory. The range of such activities is large and increasing. An organization like the bureau of Labor Statistics has numerous contacts with universities and university personnel. This includes joint projects with universities chosen on the basis of interest and eminence in the area. Recently the Civil Service Commission has approved a new and rather flexible "Term Appointment" which should facilitate the use of university personnel in government research.

In 1951 the Canadian Federal Labour Department and the universities established a joint programme designed to encourage research. Grants are made to graduate students and university staff members to support independent research in problems chosen by the applicant. The area covered has gradually been expanded and now includes both labour relations and man-power problems.

CONCLUSION

There was a surprising lack of concern about the possible consequences of the close relationship developing between government and universities for freedom of the universities to appoint, freedom in

choice of research topics, and freedom of conclusions. One Canadian director who until recently had been a government employee expressed suspicion and concern. Although some overemphasis on problem-solving research may result, it is to be remembered that most institutions have some staff persons completely independent of government research and a number of strong universities have little or no association with government agencies.

Part V

OLDER WORKERS IN THE LABOR MARKET

FLEXIBLE VS. COMPULSORY RETIREMENT POLICIES—SOME PRELIMINARY FINDINGS FROM A NATIONAL SURVEY OF COMMERCIAL AND INDUSTRIAL ESTABLISHMENTS

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I. SCOPE AND OBJECTIVES OF THE STUDY [1,2]

The compulsory or flexible nature of the retirement policies of employing organizations has important implications for the welfare of the individual older employee, for the employing organizations themselves, and for the economy as a whole. Continued employment or retirement is the major determinant of the income and material well-being of most persons in their later years. Moreover, retirement policies of employing organizations may be an important factor influencing the adjustment of individuals to the social and psychological problems of aging. To the extent that they affect the withdrawal or retention of older workers, these policies have a direct impact on the nature of our labor force and the productivity of our national economy.

For the employing organization, the nature of its retirement policy may have an important bearing on the effectiveness of its work force and its resulting ability to achieve its basic objective, whether this be profit or public service, or a combination of these.

During the past several years, a group of social scientists at Cornell University has been engaged in an effort to bring together in a systematic fashion, information about retirement age policies and practices being followed throughout the country by all types of employing organizations, including business, government, and private nonprofit agencies. The objectives of the study are (1) to analyze the factors which tend to be associated with the particular policies utilized by employing organizations, (2) to assess the experience and satisfaction of organizations and individuals operating under

[1] This study is being financed by grants from the Ford Foundation and the Social Security Administration.

[2] To keep the paper within the space limits specified for publication, we have eliminated all but five of twenty tables on which the text has been based. Mimeographed copies of the complete set of tables will be furnished on request.

various approaches to retirement, including the impact, if any, of retirement age policies on the satisfaction of individuals in retirement, and (3) to explore and analyze the content, nature, and effectiveness of programs aimed at helping employees prepare for retirement. We hope, in addition, to formulate and, as far as possible, to check hypotheses concerning the underlying factors which determine the effectiveness and impact of policy in different situations.[3]

Collection and analysis of the data have proceeded along two lines: (1) a nationwide questionnaire survey of employing organizations, and (2) intensive field studies of twenty employing organizations involving personal interviews with management and labor representatives, present employees, and retirees. Collection and processing of data from the questionnaire survey and the field studies dealing with retirement age policy have been completed, and analysis of the data is now under way. Collection of data for the studies of programs of preparation for retirement and early retirement is now under way. This paper will deal in a limited way with a few tentative findings from the national questionnaire survey of business organizations.

II. METHODOLOGY

The focus of our study is the individual establishment or plant. This unit rather than the company as a whole (in the case of multiunit enterprises) was selected since it is at the local plant level that the actual application, administration, and implementation of retirement policy takes place. It is here that the impact of retirement is experienced by the organization, its employees, and its retirees.

The sample of establishments used in the study is a random sample of all business and industrial units with 50 or more employees reporting to the Bureau of Old-Age and Survivors Insurance in March 1956, stratified by size.[4] At the time the sample was drawn (October 1960) a universe of reporting units for a period more recent than 1956 was unfortunately not available. Railroads, nonprofit organizations, farms, households, and Federal, State and

[3] A special study of the use of early retirement as a means of regulating the work force has also been undertaken by a member of our staff in addition to the study herein described.

[4] The sampling ratios used were as follows: plants with 50 to 99 employees, 1/15; 100 to 249 employees, 1/8; 250 to 499 employees, 1/2; 500 or more employees, 1/1.

local government agencies were not included in the universe of reporting units from which the sample was drawn.[5]

This sampling yielded some 21,000 units which constituted approximately 25 percent of all units with 50 or more employees. The basic sample of 21,000 units was divided randomly into ten groups of about 2100 units each. From among the first group of 2100 units, approximately 800 were used in pretesting questionnaires. The remaining 1300 units from this group constitutes our "first sample." A second group of approximately 2100 units was then selected. This constitutes our "second sample." Questionnaires were mailed to employers in the first sample in early March 1961, and questionnaires for the second sample were mailed approximately two months later.

Our strategy in the analysis of responses to the mail questionnaire involves *separate* and *independent* analyses of each of the two samples. The first sample yielded 473 responses or 45 percent of the 1048 plants in this group.[6,7] These are now being analyzed, and the data presented in this paper relate only to the responses to the first sample. It is our plan to complete an analysis of this first sample before beginning any study of the responses to the second sample. We intend to analyze these first responses using fairly rough statistical techniques, with a view toward utilizing the findings to establish hypotheses and perhaps draw some tentative conclusions. Having done this, we will then analyze the second sample (which involves approximately 776 responses) using more rigorous statistical measures of association to test the hypotheses established through the analysis of the first sample. This procedure permits the development of hypotheses based on systematically collected data (rather than on the basis of abstract reasoning or unsystematically collected impressions), with a follow-up testing of these hypotheses through an analysis of an independent sample selected on the basis of a design

[5] Our group has undertaken separate studies of retirement policies in nonprofit social welfare agencies and in State and local government agencies.

[6] A number of firms had gone out of business or had fallen below 50 employees between March 1956 and the time our questionnaires were mailed, (March 1961). This attrition reduced the number of plants in our first sample to 1048. The 473 responses represent the number of questionnaires which contain at least some usable information. The actual number of responses to particular questions varied.

[7] We intend to obtain information from a sample of nonrespondents. However, we feel it desirable to postpone doing so until a somewhat larger portion of our data has been analyzed in order to facilitate construction of the nonrespondent questionnaire.

identical to that of the first sample. In addition, the information obtained from the intensive field studies of 20 firms which represent a variety of retirement age policies, industries, and plant sizes will be utilized to check, clarify, amplify, and help explain the associations found through the questionnaire survey.

At the time preparation of the paper for this meeting was begun, analysis of the data from the first sample had been only partially completed. Much remains to be done in examining the responses in this sample before proceeding to an analysis of the responses in the second sample. Thus, the findings presented below are more in the nature of a progress report containing data of relevance to our principal inquiries rather than a complete statement of the preliminary findings and the hypotheses derived therefrom.

Our analysis thus far has focused on ascertaining the independent variables which are associated with the following dependent variables: (1) the general character of the retirement age policy (i.e. whether it is compulsory or flexible or some variant thereof); and (2) the extent to which employees subject to policies which are nominally compulsory are, in practice, exempted from the rule and permitted to continue at work beyond the compulsory age.

As a beginning we have centered our attention on the following independent variables in relation to the above two dependent variables: size of the local plant; size of the entire company of which the plant is a part; the presence or absence of a collective bargaining agreement in the plant; and whether the plant is a part of a manufacturing or nonmanufacturing industry. We realize, of course, that each of these independent variables may itself be too gross or inclusive for our purposes. Thus, for example, it very likely will be necessary to break down the manufacturing-nonmanufacturing grouping into finer industrial classifications. We intend to proceed in these directions as the data indicate this to be desirable. Moreover, we shall introduce additional variables into the analysis as the need to do so becomes evident.

III. SOME PRELIMINARY FINDINGS

A. FACTORS ASSOCIATED WITH TYPE OF RETIREMENT AGE POLICY

The retirement age policies of employers responding to our questionnaire were classified into six types: (1) compulsory at the normal retirement age; (2) flexible with no upper age limit; (3) compulsory at an age *later* than the normal retirement age; (4) flexible for

some general categories of employees and compulsory at normal retirement age for other categories; (5) compulsory at normal retirement age for some categories, and compulsory at an age later than normal retirement age for other categories; (6) flexible for some categories of employees, and compulsory at an age later than the normal retirement age for other categories. Thus, types (4), (5) and (6) refer to various combinations of types (1), (2) and (3) in cases where different policies are applicable to different general categories of employees. Throughout this report each policy will be identified by the above numbers.[8]

As is commonly thought to be the case, our preliminary analysis confirms the fact that plants which do not have a pension or profit sharing plan tend overwhelmingly (i.e. in 94 percent of the cases) to have a completely flexible policy, and that establishments with only a profit sharing plan are very likely to take a similar approach. We have, therefore, restricted our initial analysis to those plants which have formal pension plans in order to ascertain more readily the possible importance of the independent variables listed earlier.

Among the six types of policies, all except Type 2 involve at least some "compulsion" for all or certain categories of employees. Type 2 thus contains the greatest degree of flexibility, with Type 1 involving the greatest degree of compulsion. Our discussion today is concerned with the factors which may be associated with the use of these two particular policies.

1. *Policy Type 2—Complete Flexibility*

Of the 311 plants with a pension plan responding to our questionnaire, 75 or 26.7 percent had a Type 2 policy.[9] When the rela-

[8] The definitions of "compulsory" and "flexible" retirement vary somewhat among labor relations practitioners and others interested in the field of retirement. Our questionnaire did not use these specific terms. Rather, a series of questions was asked to ascertain whether or not it was company policy to retire employees solely or primarily on the basis of the employee's having reached a specified chronological age (a "compulsory" policy in our usage), or whether employees were permitted to work as long as they were able to do their work satisfactorily and their services could be utilized (a "flexible" policy in our usage). Every questionnaire response was studied in its entirety by the same member of our staff to assure uniformity of interpretation and classification.

[9] For the remaining plants with pensions, the distribution was as follows: Policy (1)—40.8 percent; Policy (3)—19 percent; Policy (4)—5.1 percent; Policy (5)—7.4 percent; Policy (6)—1 percent. It should be kept in mind that this distribution and the others in this paper refer to our weighted sample, not to the estimated actual distribution for the country. In the later stages of our study we shall attempt to make esimates of actual distributions.

tionship between nominal retirement age policy and each of the independent variables listed earlier is examined, size of entire company appears to be the only one to emerge as significant. As can be seen in col. 4 of table 1, the percentage of plants which have a completely flexible policy decreases as size increases, ranging from 64.7 percent in the size class 50–249 to 10 percent for the size class 10,000 and over. The most important break occurs between sizes 500–999 and 1000-9999, where the difference is significant at the one percent level.[10] The difference between sizes 50–249 and 250–499 (21.8 percentage points) is not quite significant at the five percent level. However, the difference between sizes 50–249 and 500–999 is significant at the five percent level, and the difference between class 50–249 and the next two higher classes combined is significant at that level.[11]

A question of considerable general interest is whether unionization tends to be associated with the incidence of flexible or compulsory policies. The analysis of our data thus far indicates that unionization appears to make no difference as far as the prevalence of Type 2 policies is concerned. When union and nonunion plants are aggregated without reference to size of company, no differences emerge as between the percentages of union and nonunion plants with a flexible policy. Since it is possible that unionization may be of importance within certain size categories, we held size constant while varying the union factor. No significant differences appear (table 2, col. 4). When the union status factor is held constant and size is varied, the differences by size previously revealed continue to be present (table 3, col. 4).

A procedure similar to that used in connection with the union status factor was employed as a rough check on possible association between the prevalence of flexible policies and type of industry as broadly dichotomized into manufacturing and nonmanufacturing. This did not reveal any significant differences.

As was stressed earlier, we are acutely aware that our dichotomies of union-nonunion and manufacturing-nonmanufacturing are

[10] Throughout this paper we have used the t-test to estimate the statistical significance of differences between percentages.

[11] We also explored the possible association of local plant size (as distinct from size of company of which the local plant is a part) with frequency of Type 2 policies. No differences of interest emerged either when size of local plant by itself was compared with policy, or when size of entire organization was held constant while local size was varied.

TABLE 1

Type of Retirement Age Policy in Local Plants in Relation to Size of Company of Which Local Plant or Establishment is a Part.[1] Includes Only Plants with a Pension Plan.

	Type of Retirement Age Policy												
	Type 1		*Type 2*		*Type 3*		*Type 4*		*Type 5*		*Type 6*		
	Col. 1	*Col. 2*	*Col. 3*	*Col. 4*	*Col. 5*	*Col. 6*	*Col. 7*	*Col. 8*	*Col. 9*	*Col. 10*	*Col. 11*	*Col. 12*	*Col. 13*
Size Entire Co. (No. Employees)	*No. Plants*	*%*	*No. Plants*	*%*	*No. Plants*	*%*	*No. Plants*	*%*	*No. Plants*	*%*	*No. Plants*	*%*	*Total*
50– 249	9	26.5	22	64.7	3	8.8	0	....	0	....	0	....	34
250– 499	15	42.9	15	42.9	3	8.6	0	....	0	....	2	5.7	35
500– 999	12	35.3	13	38.2	4	11.8	4	11.8	1	2.9	0	....	34
1000–9999	61	52.6	19	16.4	18	15.5	7	6.0	10	8.6	1	0.9	116
10,000 & Over	20	33.3	6	10.0	22	36.7	5	8.3	7	11.7	0	....	60
Total[2]	117	41.9	75	26.9	50	17.9	16	5.7	18	6.5	3	1.1	279

[1] In the case of single unit firms, company and plant are synonymous.

[2] The percentage figures in the "total" row differ from those given in footnote 9 of the text, since the latter include responses in which the respondent did not provide information as to size of company.

overly broad. To be sure, unions vary widely in terms of the age distribution of their members and officers, the economic conditions faced by the employers with whom they bargain, and a host of other factors. Similarly, there are vast differences within the manufacturing and nonmanufacturing groups (as for example, banks and coal mines, both of which are classified as nonmanufacturing). Such differences must be considered, and we are attempting to shed some light on the relative importance of such factors through our intensive field studies which include a wide spectrum of union organizations and types of industries. In addition, we shall be breaking down the data from our questionnaire survey into finer industry categories. As of this stage of our analysis, however, it appears that unionism per se, and the manufacturing or nonmanufacturing character of a plant are not of importance.

2. *Policy Type 1—Compulsory at Normal Retirement Age*

Turning to an analysis of the Type 1 policy, a somewhat different picture emerges, with size of entire company seeming to play less of a role. That is, given a choice between the degree of compulsion represented by Type 1 and Type 3 policies, factors other than size take on added significance.[12] Examining size in relation to the prevalence of Type 1 policies (col. 2 of table 1) we find the only significant differences to be those between category 50–249 and category 1000–9999; and between category 1000–9999 and size 10,000 and over. However, when union status is held constant while size is varied (col. 2 of table 3) all differences by size disappear in the nonunion group. In the union group, however, the difference between the two largest size categories remains, and is significant at the five percent level, and the difference between the two smallest size groups is significant at the nine percent level. Also, the difference between size 50–249 and size 1000–9999 is significant at the one percent level. Moreover, when size is held constant while the union status factor is varied (col. 2 of table 2) the difference in the 10,000 and over category is significant at the 10 percent level and the difference in the smallest size category is significant at the nine percent level.

It is true that the number of cases in many of the cells is quite small when one factor is held constant, but the differences are,

[12] The Type 3 policy involves compulsory retirement at an age later than the normal retirement age.

TABLE 2

Type of Retirement Age Policy in Local Plants in Relation to Union-Nonunion Status, by Size of Company of Which Local Plant or Establishment is a Part.[1] Includes Only Plants with a Pension Plan.

		Type of Retirement Age Policy[2]												
		Type 1		*Type 2*		*Type 3*		*Type 4*		*Type 5*		*Type 6*		
		Col. 1	*Col. 2*	*Col. 3*	*Col. 4*	*Col. 5*	*Col. 6*	*Col. 7*	*Col. 8*	*Col. 9*	*Col. 10*	*Col. 11*	*Col. 12*	*Col. 13*
Size Entire Co. (No. Employees)	*Union Status*	*No. Plants*	*%*	*No. Plants*	*%*	*No. Plants*	*%.*	*No. Plants*	*%*	*No. Plants*	*%*	*No. Plants*	*%*	*Total*
50– 249	Nonunion	5	45.5	6	54.5	0	....	0	....	0	....	0	....	11
	Union	4	17.4	16	69.6	3	13.0	0	....	0	....	0	....	23
250– 499	Nonunion	5	41.7	6	50.0	1	8.3	0	....	0	....	0	....	12
	Union	9	40.9	9	40.9	2	9.1	0	....	0	....	2	9.1	22
500– 999	Nonunion	5	38.5	5	38.5	0	....	2	15.4	1	7.7	0	....	13
	Union	7	33.3	8	38.1	4	19.0	2	9.5	0	....	0	....	21
1000–9999	Nonunion	20	57.1	4	11.4	7	20.0	2	5.7	2	5.7	0	....	35
	Union	41	50.6	15	18.5	11	13.6	5	6.2	8	9.9	1	1.2	81
10,000 & Over	Nonunion	5	55.6	0	....	2	22.2	0	....	2	22.2	0	....	9
	Union	14	28.0	6	12.0	20	40.0	5	10.0	5	10.0	0	....	50

[1] In the case of single unit firms, company and plant are synonymous.

[2] A few figures in Tables 2 and 3 differ slightly from those in Table 1 because of different numbers of responses relating to the particular variables involved.

nevertheless, striking. The data seem to indicate that if there is an association between the union-nonunion variable and frequency of Type 1 policies, it is likely to be found in the extreme size categories. This is a relationship which we shall watch with interest as our analysis proceeds to a larger number of cases.

Scrutiny of the manufacturing-nonmanufacturing variable indicates that this may be of importance. When all size categories are merged, 48 percent of the manufacturing group are found to have a Type 1 policy compared with 36.2 percent in the mnaufacturing category. This difference of 11.8 percentage points is significant at the five percent level. Moreover, in all size categories the percentage of nonmanufacturing plants with a Type 1 policy is greater than the proportion of manufacturing plants with such a policy (col. 2, table 4). The difference of 18.3 percentage points in the size category 1000–9999 is significant at the six percent level, and will bear particular watching as we break down the manufacturing and nonmanufacturing groups into more refined categories.

B. COMPULSORY RETIREMENT—FREQUENCY OF EXCEPTIONS

The nominal retirement age policy followed by a plant or company provides an indication of its general approach or intention with respect to the treatment of employees who are at or near the normal retirement age. However, an examination of these general policies represents only a beginning in the analysis of the problem. It is generally known that companies with compulsory policies frequently make exceptions to this rule and permit employees who have reached the compulsory retirement age to continue at work for varying periods of time. It is essential, therefore, that the actual practices be analyzed in order to gain maximum insight as to the factors which determine whether the choice of retiring or working is retained by the employees.

We undertook this task by asking employers who indicated they had a compulsory policy to provide information as to the number of employees in each plant who reached the compulsory retirement age since January 1, 1956 (or since the present compulsory policy was instituted, if later than that date), and how many of such employees were excepted from the rule and permitted to continue at work. Of the employers with compulsory policies who responded to this question, some 174 indicated that at least one employee in the plant had reached the compulsory retirement age since the time specified.

TABLE 3

Type of Retirement Age Policy in Local Plants in Relation to Size of Company of Which Local Plant or Establishment is a Part,[1] by Union-Nonunion Status of Plants. Includes Only Plants with a Pension Plan.

		Type of Retirement Age Policy[2]												
		Type 1		*Type 2*		*Type 3*		*Type 4*		*Type 5*		*Type 6*		
		Col. 1	*Col. 2*	*Col. 3*	*Col. 4*	*Col. 5*	*Col. 6*	*Col. 7*	*Col. 8*	*Col. 9*	*Col. 10*	*Col. 11*	*Col. 12*	*Col. 13*
Union Status	*Size Entire Co. (No. Employees)*	*No. Plants*	*%*	*No. Plants*	*%*	*No. Plants*	*%*	*No. Plants*	*%*	*No. Plants*	*%*	*No. Plants*	*%*	*Total*
Non-union	50– 249	5	45.5	6	54.5	0	....	0	....	0	....	0	....	11
	250– 499	5	41.7	6	50.0	1	8.3	0	....	0	....	0	....	12
	500– 999	5	38.5	5	38.5	0	....	2	15.4	1	7.7	0	....	13
	1000–9999	20	57.1	4	11.4	7	20.0	2	5.7	2	5.7	0	....	35
	10,000 & Over	5	55.6	0	....	2	22.2	0	....	2	22.2	0	....	9
Union	50– 249	4	17.4	16	69.6	3	13.0	0	....	0	....	0	....	23
	250– 499	9	40.9	9	40.9	2	9.1	0	....	0	....	2	9.1	22
	500– 999	7	33.3	8	38.1	4	19.0	2	9.5	0	....	0	....	21
	1000–9999	41	50.6	15	18.5	11	13.6	5	6.2	8	9.9	1	1.2	81
	10,000 & Over	14	28.0	6	12.0	20	40.0	5	10.0	5	10.0	0	....	50

[1] In the case of single unit firms, company and plant are synonymous.

[2] A few figures in Tables 2 and 3 differ slightly from those in Table 1 because of different numbers of responses relating to the particular variables involved.

Among these employers 59 percent said that no employees who had reached the compulsory retirement age were excepted from the rule, and another 9 percent of the employers indicated that only 1 to 9 percent of the employees were permitted to work beyond the compulsory retirement age. At the other extreme, approximately 9 percent of the respondents said that 50 percent or more of the employees reaching the compulsory retirement age were excepted and permitted to work beyond that age.

It is, of course, difficult to say at what point (in terms of the percentage of employees excepted) a "compulsory" policy ceases to be compulsory and is really flexible, since even under very strictly administered policies, there may be occasional exceptions under special circumstances. On this point, the reader can reach his own conclusions. In beginning our analysis we have centered our interest on the extreme type of compulsion in which employees are required to retire at the normal retirement age (Type 1), and where there were no exceptions made. In addition, for the reasons indicated earlier, we have restricted our initial analysis to plants which have a pension plan. Some 54 plants or 56.8 percent of the respondents with the above characteristics permitted no exceptions during the period specified. We turn now to an analysis of the plants which permitted no exceptions.

We have examined the strict enforcement of the Type 1 policy (as represented by the absence of exceptions) in relation to the variables discussed in earlier parts of this paper. Of these, size of entire company and union status appear to emerge as significant. Table 5 summarizes the relationship between size of entire company and percentage of exceptions. It will be noted in column 2 of table 5 that an important break occurs between size group 1000–9999 on the one hand, and the three smaller size categories on the other. Size 500–999 contains only four cases so that the difference (27.4 percentage points) between it and the 1000–9999 cell is significant only at the 10 percent level. However, the differences between the first three size categories (50–249; 250–499; and 500–999) are very small and insignificant, and if these smallest categories are combined and compared with the 1000–9999 cell, the difference is significant at the five percent level. The difference between the three smallest categories (combined) and the 10,000-and-over cell is also significant at that level. The difference between the 1000–9999 cell and that with size 10,000 and over is not significant.

TABLE 4

Type of Retirement Age Policy in Local Manufacturing and Nonmanufacturing Plants, by Size of Company of Which Local Plant or Establishment is a Part.[1] Includes Only Plants with a Pension Plan.

		Type of Retirement Age Policy												
		Type 1		*Type 2*		*Type 3*		*Type 4*		*Type 5*		*Type 6*		
		Col. 1	*Col. 2*	*Col. 3*	*Col. 4*	*Col. 5*	*Col. 6*	*Col. 7*	*Col. 8*	*Col. 9*	*Col. 10*	*Col. 11*	*Col. 12*	*Col. 13*
Size Entire Co. (No. Employees)	*Industry*	*No. Plants*	*%*	*No. Plants*	*%*	*No. Plants*	*%*	*No. Plants*	*%*	*No. Plants*	*%*	*No. Plants*	*%*	*Total*
50– 249	Mfg.	2	13.3	11	73.3	2	13.3	0	....	0	....	0	....	15
	Nonmfg.	7	36.8	11	57.9	1	5.3	0	....	0	....	0	....	19
250– 499	Mfg.	7	33.3	9	42.9	3	14.3	0	....	0	....	2	9.5	21
	Nonmfg.	8	57.1	6	42.9	0	....	0	....	0	....	0	....	14
500– 999	Mfg.	6	27.3	9	40.9	4	18.2	2	9.1	1	4.5	0	....	22
	Nonmfg.	6	50.0	4	33.3	0	....	2	16.7	0	....	0	....	12
1000–9999	Mfg.	34	46.0	16	21.6	11	14.9	6	8.1	6	8.1	1	1.4	74
	Nonmfg.	27	64.3	3	7.1	7	16.7	1	2.4	4	9.5	0	....	42
10,000 & Over	Mfg.	12	32.4	5	13.5	10	27.0	5	13.5	5	13.5	0	....	37
	Nonmfg.	8	34.8	1	4.4	12	52.2	0	....	2	8.7	0	....	23

[1] In the case of single unit firms, company and plant are synonymous.

As was the case in our analysis of "nominal" retirement age policies, variations in size of local plants showed no differences concerning the propensity to make exceptions to the compulsory retirement rule.

When union and nonunion plants are compared without reference to size, a significant difference (at the five percent level) emerges, with 66.2 percent of the unionized plants having had no exceptions in comparison to 38.9 percent of the nonunion plants. If size of entire company is held constant, the unionized plants making no exceptions exceed the nonunion plants by 30.4 percentage points in the 1000–9999 category. This difference is significant at the five percent level. In the remaining two size categories (50–999 and 10,000 and over), differences still occur between the union and nonunion groups, but the number of nonunion plants in these size categories is too small to warrant a test of significance. However, a larger percentage of union plants with no exceptions is found in each of these size categories, and we shall not be surprised if these differences persist in our second sample.

If the union status variable is held constant and the size factor varied, the differences between sizes discussed earlier hold up in the union category, and in the nonunion category a difference of 20.7 percentage points between the size categories 50–999 and 1000–9999, although resulting from too few cases to have statistical significance, is in the same direction as that found when size is examined without reference to union status. Thus, unionization and (largeness of) size seem to be associated independently with a propensity not to make exceptions to the compulsory retirement rule.

Our examination of possible association between the manufacturing-nonmanufacturing variable and percentage exceptions yielded no differences of interest.

IV. A CONCLUDING COMMENT

In this paper we have presented some preliminary findings concerning the possible association between factors such as size of company, size of plant, union status, and industry (on the one hand), and the types of retirement age policies utilized by a random stratified sample of commercial and industrial establishments in the United States, on the other. These tentative findings (and others yet to be developed) are to be used primarily as the basis for development

TABLE 5

Relation of Company Size to Percentage of Employees Reaching the Compulsory Retirement Age Who Were Excepted From the Compulsory Retirement Rule Under Type 1 Policies.[1,2]

	No Exceptions Made		*1–9% of Employees Excepted*		*10–29% of Employees Excepted*		*30–49% of Employees Excepted*		*50% or More of Employees Excepted*		
	Col. 1	*Col. 2*	*Col. 3*	*Col. 4*	*Col. 5*	*Col. 6*	*Col. 7*	*Col. 8*	*Col. 9*	*Col. 10*	*Col. 11*
Size Entire Co. (No. Employees)	*No. Plants*	*%*	*No. Plants*	*%*	*No. Plants*	*%*	*No. Plants*	*%*	*No. Plants*	*%*	*Total Plants*
50– 249	2	28.6	1	14.3	2	28.6	1	14.3	1	14.3	7
250– 499	6	42.9	0	....	8	57.1	0	....	0	....	14
500– 999	4	36.4	0	....	1	9.1	4	36.4	2	18.2	11
(50– 999) (combined)	(12)	(37.5)	(1)	(3.1)	(11)	(34.4)	(5)	(15.6)	(3)	(9.4)	(32)
1000–9999	30	63.8	5	10.6	8	17.0	1	2.1	3	6.4	47
10,000 & Over	12	75.0	3	18.8	1	6.3	0	....	0	....	16
Total	54	56.8	9	9.5	20	21.1	6	6.3	6	6.3	95

[1] Size refers to size of the entire company of which the local plant is a part. In the case of single unit firms, size of plant and size of company are synonymous.

[2] Includes only plants with a pension plan and in which at least one employee reached the compulsory retirement age. Period covered is January 1, 1956 (or later if the compulsory retirement policy was established after that date) through June 30, 1961.

of hypotheses which will then be tested by a similar analysis of another independently selected sample.

Even after we have completed the analysis of the first sample, established our hypotheses, and tested these, our work will only be partially completed. In a sense, the most important task will still remain to be done. This consists of attempting to explain the extent to which the associations uncovered actually represent cause and effect relationships, and the forces giving rise to such relationships. We have already begun to move in this direction by examining information from our intensive field studies of individual plants. It is our hope that the integration of material from these field studies with data from our questionnaire survey will be the subject of another, far more lengthy paper during the coming year.

PROVISIONS AFFECTING OLDER WORKERS IN COLLECTIVE BARGAINING AGREEMENTS *

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Collective bargaining can shape, at least to some degree, the employment opportunities of older workers. Seniority, originally a device to eliminate discrimination in tenure, layoff and recall to work after temporary separation, affects the employment position of older workers. Such a conclusion must be qualified, as workers with long tenure may not inevitably be chronologically the older.

Exercise of seniority may depend, however, upon the continuance of the firm, the plant, the department and even the job, and may in many instances be only a method for determining who is to be laid off. Assuming that in the absence of seniority the younger worker would, in many instances, be preferred to the older worker, it could mean that the latter would normally spend a longer period in finding a new place.

Younger workers are more mobile, can adapt themselves more easily to other kinds of work, can be trained more readily and their training costs can be spread over a longer period of time because of their longer employment horizons. It may, therefore, be concluded that in protecting older workers, the seniority system would tend to reduce the volume of unemployment. This follows even though the volume of employment is determined by the demand for labor, the state of the labor market rather than the characteristics of the unemployed. If one focuses upon the volume of unemployment instead of employment, one notes that some part of unemployment can be attributed to frictional causes—the failure of jobs and workers "to mesh" at particular times.

Seniority can normally be exercised in a particular department and consequently it ceases to be effective if the department, the plant or the firm, and sometimes the job, ceases to exist. In addition, an individual may find himself unable to perform his customary tasks, and he loses the protection that seniority may give him. Some

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collective bargaining agreements permit the transfer of employees no longer able to perform their customary tasks to lighter work. An example is the clause in the contracts of locals of the International Association of Machinists with the Borden Chemical Company of Bainbridge, New York:[1]

> "An aged or other employee who gives long and faithful service in the employ of the company, and has become unable to handle his or her assigned work to advantage, shall be given every consideration for such other work as may be available which the employee is able to perform at the rate for such job. If the company is unable to provide other work which they are able to perform, they shall be considered for severance allowance depending upon length of service."

PREFERENTIAL HIRING

Under some arrangements, workers laid off are given preferential hiring rights in other operations of a particular company or even within a group of companies. The mines of the seventeen iron ore mining companies are all managed by Pickhands Mather and Company, and in the event of the permanent shutdown of any mine operated by this Company, employees laid off entitled to preferential employment at any other mine in the district operated by the Company. The seniority status of such employees is determined by agreement between the Union and the Company at the mine. "Preferential employment . . . means preference in employment over all persons except employees in the bargaining unit at such other mine."[2]

BIDDING FOR LOWER GRADED JOBS

A number of companies allow senior employees "not qualified for (or not entitled under local seniority rules to) another job in job group 1 through 5, shall replace a junior employee in job groups 1 through 5, local seniority rules to the contrary notwithstanding."[3]

Similar agreements are found in the automobile and steel industries. For example, under the 1962 contract between the United

[1] Quoted clause is taken from the contracts on file at the headquarters of the International Association of Machinists and were made available through the courtesy of Albert S. Epstein, an economist of the Association.

[2] Quote is from *Agreement between United Steelworkers of America and the seventeen companies managed by the Pickhands Mather and Company,* January 4, 1960.

[3] *Agreement Between American Can Company and United Steelworkers of America,* October 1, 1959, Para. II, 7(3), pl. 31.

States Steel Corporation and the United Steelworkers of America, all local seniority agreements must provide for the establishment of a seniority pool within a specified area in each plant and such "pool shall be regarded as being a single seniority pool for the purpose of layoff and recall." [4]

PLANT CLOSINGS AND WORK SHIFTING

A different problem arises in plant and departmental closings. Because of the changes in employment and shifts of operation by the large companies in the automobile industry, the provisions governing seniority and preferential job rights have been extensively developed. The General Motors' contract provides that:

> "For 18 months after production begins in a new plant the Corporation gives preference to the applications of laid off employees having seniority in other plants over individuals who have not previously worked for the Corporation, provided their previous experience in the Corporation shows they can qualify for the job." [5]

"If the transfer of major operations between plants results in the permanent release of employees with seniority," the issue can be raised with the Company and a solution in accordance with the provisions giving preference to employees with seniority in a new plant will be made.[6]

A similar provision is found in the contracts between the UAW and the Chrysler Corporation and the Ford Motor Company.

> "When operations or departments are transferred from one plant to another plant of the Corporation, employees engaged on such operations or employed in such departments up to the number needed in the receiving plant to perform the transferred operations, may if they so desire, be transferred to the other plant with their full seniority."[7]

This clause has, at times, been a source of difficulty but the International has not wavered in its insistence that the contract be obeyed.

What appeared as opposition to transfers may actually be the

[4] *Agreement Between United States Steel Corporation and the United Steelworkers of America,* April 6, 1962, pp. 83–85.
[5] *Agreement Between General Motors Corporation and the UAW-AFL-CIO,* September 20, 1961, 95, pp. 72–73.
[6] *Ibid.,* 96(a), pp. 73–74.
[7] *Agreement Between Chrysler Corporation and the UAW,* November 2, 1961, p. 72.

result of misunderstanding as was the reaction of the workers in the Lincoln engine plant of the Ford Motor Company in Lima, Ohio. The job had been transferred from Dearborn, Michigan. Under the contract employees have the right to follow transferred work with full seniority earned at their prior place of employment. This means that the workers from Dearborn, as long-term Company employees, would have higher seniority than the new employees at Lima. When the local employees learned of these plans they demanded that older seniority Ford employees be kept out of Lima. The local membership was sufficiently aroused to apply for a decertification election to the National Labor Relations Board; the appeal was rejected on the ground that the national Ford Agreement was in effect. At the insistence of the International Union, the local finally receded from its opposition and accepted 16 transferees.

A much more serious conflict faced the United Steelworkers of America over a similar issue. The National Supply Division of the Armco Steel Corporation operated plants at Etna and Ambridge, Pennsylvania. The Company announced it would close the Etna plant and at the same time construct a "new modern combination pipe mill at the Ambridge plant." [8] Relying on an inter-plant transfer clause in the agreement, Locals 1244 and 2599 representing the workers at the Etna plant requested that its displaced members be granted employment at the Ambridge plant with full seniority. Local No. 1360 at Ambridge challenged this interpretation, and argued instead that employees who were employed at the Ambridge plant had superior rights to the new jobs and any employees transferred from the Etna plant to the Ambridge plant would have to go to the bottom of the seniority list. As a result of the difference between the local unions, the Company refused to transfer any of the Etna employees to the Ambridge plant. The issue wound up in the Court which appointed an arbitrator to render a decision. The International Union stressed "that although seniority matters are usually left to local agreement, there is a conflict of interest here between the locals involved." The International urged the acceptance of the arrangement it had worked out with the Company. The Ambridge "local defied both the Federal Court and the Executive Board by

[8] The following is based upon a discussion with Mr. Ben Fischer, International Representative of the United Steelworkers of America, and the decision of Harry Platt, the Arbitrator in *National Supply Division, Armco Steel Corporation and the United Steelworkers of America,* (Mimeographed and undated).

refusing to negotiate a solution to the transfer problems and the International Union, as bargaining representative of the employees at both plants, was obliged to complete the negotiations." The obduracy of the Ambridge local was the result of the existence of a layoff list of several hundred members and the local union believed that the increased jobs should be made available to its own members rather than to those belonging to a different local of the same International Union.[9]

Under the Ford contract, employees who have exhausted their seniority within their seniority unit can be offered available work within any of the plants "in the local labor market area as defined by the State Employment Security Commission of the state in which the plants affected are located." [10]

In addition, the firms in the automobile industry have incorporated clauses giving laid-off employees preference in hiring over new employees. Under the Chrysler agreement, employees who accept work in another plant of the Corporation, "start work as new employees in the plant. If they are recalled to work in their former plant, they may elect not to return, in which case their seniority in their former plant shall be terminated. If they elect to return to their former plant, their seniority in the plant from which they were recalled shall be terminated." [11]

According to officers of the Union, thousands of workers have availed themselves of the opportunity to transfer under the provisions of the contract with the motor companies. Arthur Hughes, a member of the staff of the Chrysler Department, UAW, claims the shift of workers between plants has been substantial.

Willingness to move is influenced by employment opportunities existing in the residence area, the outlook for permanent employment

[9] The Arbitrator found the Settlement Agreement proposed by the Company and the Union the fairest resolution of the dispute. No employee displaced at the Etna plant eligible for a pension or who would reach eligibility within two years, was to be transferred to the Ambridge plant. Nor could employees who obtain severance pay under the Basic Agreement. About 325 new jobs were to be established at Ambridge, and a formula was devised which gave 119 of these jobs to the Ambridge laid-off employees and 203 jobs to the Etna employees of top seniority, not eligible for a pension under the contract. *Ibid.*

[10] *Agreement Between International Union, United Automobile, Aircraft and Agricultural Implement Workers of America (UAW) and the Ford Motor Company*, 1958, p. 73.

[11] *Ibid.*, p. 73. *Agreement Between Chrysler Corporation and the UAW*, 1958, p. 53.

elsewhere and a variety of personal considerations which differ among individuals. Under normal conditions, the highly mobile are at the margin of decision, and they are the ones who will respond to relatively minor incentives. As one moves up the range, he encounters workers with a declining propensity to move. Age composition of the plant's work force, available housing at the point of the new opportunities, and family position—such as schooling—may influence the decision. According to Mr. Kenneth Bannon of the Ford Department, UAW, a mere announcement of the existence of unfilled jobs is not sufficient. In order to elicit a fairly large response, the union and management must cooperate in presenting the information to the workers either employed or on layoff. Mr. Bannon emphasized that the shutting down of a plant by the Ford Motor Company is never regarded lightly. In addition, any firm planning a shift in its operations to another community faces the need for mollifying public sentiment. It will, therefore, try to minimize the effect of a plant shutdown, and will seek to assure the community that another concern will take over the abandoned properties. Such announcements inevitably affect the propensity to transfer.

The closer the new plant is to the older one, the greater the tendency of workers to accept transfer. It is the view of Mr. Bannon that the rate of transfers is closely correlated with the efforts made by the Company and Union to induce shifting. The experience at the Richmond, California, plant may provide an example. In April, 1954, the operations were transferred to Millpits, 60 miles from the older plant. The company was anxious to procure experienced workers for its new location, and under the April 2, 1954, Transfer Agreement between the Union and the Company, an "additional full time representative will be accorded the union for a period totaling four months. He will serve as special coordinator for the union matters concerning the transfer from Richmond to San Jose." [12] The task of the representative was to seek housing for the employees moving to the new location. As a result of the efforts made, between 1,300 and 1,400 employees, or 98 percent of the total involved, shifted to the new plant.

THE BUILDING TRADES

Older worker clauses are found in the local agreements of all

[12] From the agreement between the Company and Richmond-San Jose Local 560, UAW, April 2, 1954. The percentages were furnished by Mr. Bannon.

building trades' unions. In the Bricklayer's Union their extent and significance was not known by the International officers.[13]

Vice President William T. Dowd of the Plumbers' Union was, however, not certain that the inclusion of older-worker clauses in local contracts was desirable. He believed that they could cause considerable difficulty between contractors and local unions.[14]

The control of the hiring hall by the Plumbers' Union is, according to a number of officers, a very important factor in making it possible for older men to work. The jobs clear through the hall, and continuous rejection of older workers and insistence on "the pick" of the available men would be noticed. A contractor would, according to the officers, not be able to insist upon such a selection.[15]

Matthew Taylor, International Representative of the Iron Workers' Union in New England, was also of the opinion that older-worker clauses in contracts were unenforceable. The best method for retaining the older worker in the industry is by gaining the cooperation of the contractor.[16]

Among the building trades unions, the International Brotherhood of Electrical Workers places the greatest emphasis upon older-worker clauses. In "building construction, the erection and maintenance of electric power sign shops, electric motor and appliance repair shops, and similar establishments" the Electrical Workers' Union has established "a ratio between older and younger qualified and fully-trained (i.e., 'journeymen') electricians employed in any shop or working crew."

There are numerous variations of the "50 and over" provisions. According to Mr. Noe, Research Director for the International Brotherhood of Electrical Workers, a "significant proportion of . . . construction agreements on the West Coast . . . have adopted the age of 45 instead of 50 years as their accepted point of demarcation. In other areas variations appear in regard to the number of younger journeymen who may be employed before an older man must be given work.[17]

[13] Interview with President John J. Murphy in headquarters of the Bricklayers' Union, Washington, D. C.

[14] Interview with Vice-President William T. Dowd at Washington headquarters.

[15] Interview with David A. Hanrahan, Secretary of Providence Plumbers' Union No. 28 and John Canning, Business Agent.

[16] Interview with Matthew Taylor of the Regional Office in Boston and Jerry Lynch, Business Agent of the Providence Local.

[17] James E. Noe (Research Director for International Brotherhood of Electrical Workers) in a letter dated October 20, 1960.

UTILITIES

In public utilities, where the International Brotherhood of Electrical Workers holds a considerable number of contracts, it is not able, because of the pattern of employment, to place its older members as easily. Instead the Union has devised arrangements of which the following is a typical example:

> "Where an employee with ten years or more of continuous service is demoted because of physical disability rendering him unable to perform the work required of his job classification and is transferred to a job carrying a lower rate of pay than the existing rate of pay of the employees, the rate of pay of such employee until retirement, death, resignation or discharge for cause shall not be reduced below the following percentage of his existing pay at the time of such demotion:"

Continuous Years of Service	*Adjustment in Pay*
10 years or more and up to 15	To not less than 80% of existing pay
15 years or more and up to 20	To not less than 90% of existing pay
20 years or more and up to 25	To not more than 95% of existing pay
25 years or more	No reduction.[18]

The greatest job protection given, on the average, is in the building construction industry and the utilities industries in which employment conditions are basically different. The building trades require employees for short spans of time and the unions, including the IBEW, are an important source of journeymen in their trades. Seniority systems are not workable and no worker has the right, as one might under a seniority system, to bid for a particular job. Because of fluctuations in employment and the relatively short duration of jobs, the unions have been able, in cooperation with employers in the industry, to provide some employment for the older worker. The utilities, in contrast, provide steady employment for their work force, but they have been able to devise, in many instances, in cooperation with their unions, provisions for protecting the older worker who is no longer able to perform satisfactorily his occupation. But it should be noted that the capital to labor ratio is comparatively high in utilities and their returns are regulated.

[18] *Contract between Central Hudson Gas and Electric Company and IBEW Local Union No. 320* (Poughkeepsie, New York).

SUMMARY

The examination of the provisions of contracts and the formal and informal arrangements found in union-management relations leads one to conclude that the nature of the demand for labor, the difficulty of developing inter-plant, let alone inter-company, transfers, the resistance of younger workers to the introduction of exceptions which dilute their right to employment makes it extremely difficult for many unions and firms to insist upon liberal transfer rules for older and partially incapacitated workers. The reluctance of workers to move is also an impediment. While the contributions of many unions and managements to more humane policies should not be minimized, it is necessary to recognize that much remains to be done to make the re-employment of the older worker easier.

LABOR MARKET EXPERIENCES OF UNEMPLOYED OLDER WORKERS

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Older workers who lose their jobs have greater difficulty finding new ones and experience longer periods of unemployment than younger workers who are looking for work. This fact has been documented in numerous local labor market studies and is shown in the disproportionate number of workers aged 45 and over among the nation's long-term unemployed.[1] Also well documented is the fact that the hiring policies of many employers preclude the hiring of workers beyond a certain age, as are the reasons given by employers for these policies.[2] Why the duration of unemployment is much greater for some jobless older workers than others is less understood, although a few studies have dealt with some aspects of this question.[3]

This paper reports some of the results of a study of unemployed older workers in Peoria, Illinois. The objective of the part of the study discussed here was to determine how the personal and work history characteristics, perceptions of the job market, and job-seeking patterns of older workers are related to the duration of their unemployment.[4]

Interviews were held in July and August, 1959, with 195 male workers aged 45–64 who were unemployed in the Peoria area during

[1] As examples, see U. S. Department of Labor, Bureau of Employment Security, *Older Worker Adjustment to Labor Market Practices,* BES No. R151, September, 1956; and Richard C. Wilcock and Walter H. Franke, *Unwanted Workers* (New York: The Free Press of Glencoe, 1963).

[2] See, for example, Arthur M. and Jane N. Ross, *Employment Problems of Older Workers* (Berkeley: University of California, Institute of Labor and Industrial Relations, Reprint No. 140, 1960); and Margaret S. Gordon, "The Older Worker and Hiring Practices," *Monthly Labor Review,* November, 1959, pp. 1198–1205.

[3] See, for example, U. S. Department of Labor, *loc. cit.*; Ross and Ross, *loc. cit.* and Frank J. Atelsek, *Characteristics of Older Job Seekers* (Minneapolis: Minnesota Department of Employment Security, 1958).

[4] The study is part of a larger investigation of problems of older workers financed in part by a grant from the Forest Park Foundation of Peoria, Illinois, to the Institute of Labor and Industrial Relations, University of Illinois.

the month of October, 1957.[5] Information was obtained on the labor market experiences of these workers from the time their period of unemployment began to the date of the interview. Data were also obtained on their previous work histories.

A number of limitations in the data need to be noted. The sample is not necessarily representative of all unemployed workers in the area at the time, since it included only those who were registered at an office of the state employment service. Further, the results are affected by the particular characteristics of the Peoria labor market. The area is heavily industrialized and greatly affected by the fortunes of a few large firms. Finally, much of the period covered by the study was one of serious recession. The unemployment rate in the Peoria area rose rapidly from 1.9 per cent and 3.8 per cent in September and November, 1957, to nearly 10 per cent in July, 1958. Thereafter the rate declined gradually to about 3.0 per cent in May and July, 1959. For the two-year period beginning with September, 1957, the average rate of unemployment was 5.8 per cent. Much of the period, therefore, was one in which job openings were relatively scarce.

In spite of these factors, the data provide a basis for comparing the more successful older job-seekers with the less successful.

THE EXTENT OF LONG-TERM JOBLESSNESS

Most of the older workers experienced very extended periods of unemployment. Over half were without work for a year or more. The high level of extended joblessness reflects in part, of course, the weak demand for labor generally during much of the period covered.

The data in Table 1 show, however, that long-term unemployment, even when jobs were scarce, was not experienced equally by all groups. Extended periods of unemployment were particularly frequent for workers who were age 55 and over, for those who had relatively little education, for blue collar workers with little skill, and for those who had to leave their previous jobs for reasons of health. The relationship between length of unemployment and level of education is striking. Fifty-seven per cent of those with less than a ninth grade education were out of work for a year or more, com-

[5] Interviews were initially held with 221 men randomly selected from a representative sample of 476 men aged 45–64 who were registered with the Illinois State Employment Service for placement services during October, 1957. Twenty-six of the interviewees were excluded from the analysis because it was determined that they had left the labor force during the period covered by the study or had not been unemployed during October, 1957.

TABLE 1

Initial Length of Unemployment, Older Workers Unemployed in October, 1957, Peoria, Illinois, by Selected Characteristics (percentage distributions)

	Initial length of unemployment				
	N	*Short term (3 mos. or less)*	*Medium term (4-11 mos.)*	*Long term (12 mos. or more)*	*Total*
Total	182[a]	19	30	52	100
Age					
45–54	110	23	31	46	100
55–64	71	11	28	61	100
Age and education					
45–54					
8th or less	54	22	30	48	100
9th or more	55	24	33	44	100
55–64					
8th or less	57	10	25	65	100
9th or more	13	15	38	46	100
Occupations (regular)					
Professional and managerial	8	25	50	25	100
Clerical and sales	19	32	21	47	100
Service	17	29	18	53	100
Agricultural	3	....	67	33	100
Skilled	44	25	34	41	100
Semiskilled	33	15	21	64	100
Unskilled	58	9	33	59	100
Industry of last job					
Construction	35	12	34	54	100
Manufacturing	95	19	32	49	100
Trade, finance, and services	32	28	19	53	100
Other	20	15	30	55	100
Why left last job					
Temporary layoff	118	19	34	47	100
Health reasons	15	....	....	100	100
Quit	11	36	18	46	100
Other—including involuntary separation	36	19	33	47	100

[a] 13 cases could not be classified by length of unemployment.

pared with only 44 per cent of those with more education. The combination of advanced age and low education had particularly severe consequences. Sixty-five per cent of those aged 55 and over with less than a ninth grade education were without work for 12 months or more.

These data indicate that the market does differentiate among older workers. The older unemployed do not receive indiscriminate treatment.

WORK EXPERIENCE

Selected aspects of the employment records of these older workers are shown in Table 2.

The first point of significance is that half of them had worked for their previous employer for two years or less. Only a third had worked as long as seven years on their previous jobs. The pattern does not differ greatly by length of unemployment. The relatively short tenure on previous jobs suggests that unemployed older workers are not representative of older workers generally. The average tenure of employed workers of the same age in the Peoria labor market was almost certainly well above that of these older unemployed workers. In other words, unemployment does not fall randomly on older workers generally. If this is the case, unemployed older workers may not have to the same extent the desirable characteristics that employers generally attribute to their older workers.[6]

Although job tenure for workers of this age group seems low, a majority had held a long-tenure job at one time. Sixty per cent had worked for a single employer for more than 10 years. Those who found jobs relatively quickly had substantial periods of work with one employer more often than the long-term unemployed, indicating that a steady work record had some effect on employer decisions to hire.

Many had left their longest job quite some time prior to their current spell of unemployment; a third had left more than 10 years earlier. For these workers, the skills and experience acquired in their work may have had only marginal relevance to the current labor market. Three-fourths had their major work experience as blue collar manual workers. Only about one in five could be classified as a skilled worker, and among the long-term unemployed, only 15 per cent had been employed in skilled work on their longest job. Nearly half of the skilled among the long-term unemployed had been in building trades occupations. The pattern was similar among skilled workers in the short and medium-term unemployed. In other occupational groups, many of the jobs they had worked on longest required either heavy or fast work—jobs such as truck and tractor

[6] A number of surveys have reported high ratings of older workers by employers on a variety of characteristics. See, for example, The Bureau of National Affairs, *The Older Worker,* Personnel Policies Forum, Survey No. 20 (Washington, D. C.: The Bureau, 1953); and Geneva Mathiasen (ed.), *Flexible Retirement* (New York: G. P. Putnam's Sons, 1957), pp. 43–49.

TABLE 2

Work History Characteristics, Older Workers Unemployed in October, 1957, Peoria, Illinois, by Length of Unemployment (percentage distributions)

Work History Characteristics	*Initial length of unemployment*			
	Short term (3 mos. or less)	*Medium term (4–11 mos.)*	*Long term (12 mos. or more)*	*Total*
Number	34	54	94	195[a]
Per cent	100	100	100	100
Tenure on previous job				
2 years or more	53	50	47	49
3–6 years	12	17	20	17
7–10 years	21	6	5	9
Over 10 years	15	27	28	25
Tenure on longest job				
5 years or less	6	17	16	16
6–10 years	22	27	23	24
Over 10 years	72	56	60	60
When left longest job				
1–2 years ago	17	28	31	28
3–6 years ago	24	28	20	24
7–10 years ago	20	14	15	14
Over 10 years ago	38	30	34	34
Occupation of longest job				
White collar	24	16	12	16
Blue collar	63	76	79	75
Skilled	(30)	(27)	(15)	(20)
Service	6	....	4	4
Agricultural	6	8	4	5
Per cent with vocational or special job training in last five years	15	7	6	8
Why left longest job				
Temporary layoff	13	24	22	21
Health reasons	3	5	10	7
Quit (dissatisfaction or personal reasons)	35	29	25	29
Quit for better job	10	10	10	10
Involuntary permanent separation	39	32	33	33
Regular or usual occupation[b]				
White collar	23	15	12	14
Blue collar	62	76	78	74
Skilled	(32)	(28)	(19)	(24)
Service	15	5	9	11
Agriculture	....	4	1	1
Industry of last job				
Construction	12	22	20	20
Manufacturing	53	56	50	52
Trade, finance, and service	26	11	18	18
Other	9	11	12	10
Why left last job				
Temporary layoff	68	74	59	66
Health reasons	....	....	16	8
Quit	12	4	5	6
Other—including involuntary separation	20	22	20	20

[a] Includes 13 cases that could not be classified by length of unemployment.

[b] Major occupation assigned by state employment service at the time the worker registered during his current spell of unemployment (in or prior to October, 1957).

driver, car loader, construction laborer, mine operative and laborer, and machine operator. Younger workers are often at an advantage in competing for jobs of this type. They are not the kinds of jobs for which experience is a great advantage.

Few of the unemployed had taken any steps to rectify deficiencies they might have had in training or experience. Some of those who had taken special occupational training within the previous five years appear to have benefited in shorter-duration unemployment.

How these older workers came to be separated from their longest job is noteworthy. Involuntary permanent separations accounted for a third of the reasons. The most common explanation given for involuntary separation was the permanent closing of the firm for which they had worked. Among the long-term unemployed nearly 30 per cent gave this reason. Thus, devices for preventing the permanent severing of job rights for long-seniority employees, particularly in cases of plant shutdown, could be expected to make an important contribution to reducing the problems of long-term unemployment among older workers.[7]

Voluntary quits as a reason for separation from the longest job is also related to length of unemployment. Workers who said they left their longest job voluntarily were more likely to be among the short-term than among the long-term unemployed, indicating that workers leaving their jobs voluntarily are somewhat more likely to have characteristics which are in demand in the labor market. A third of the long-term unemployed, however, had left their longest job voluntarily, either because of dissatisfaction or to take what they considered to be a better job. Also, a larger proportion of the long-term unemployed than of the others had left their longest job because of poor health, an injury, or because the work had become too hard for them to continue.

The data in Table 2 on the more immediate work histories of the workers provide for a number of comparisons worth noting. The occupational distribution of the workers at the time of their current period of unemployment is quite similar to the distribution on the longest job. The major change is the substantially greater proportion

[7] There have been a number of recent collective bargaining contracts that provide some protection for seniority employees through transfer rights in the event of plant or department shutdowns. See Wilcock and Franke, *op. cit.*, Chapter 9, for a description of such plans in meatpacking, automobiles, and other industries.

classified as service workers. Agricultural workers, on the other hand, declined to almost nothing. These occupational shifts are a further indication that some of the skills learned in previous employment had become obsolete.

The reasons given by the workers for separation from their last jobs are indicative of the permanent loss of security occasioned by an older worker's losing a long-tenure job. While only a small proportion had been laid-off of their longest job, two-thirds had been separated from their most recent job for this reason. For the long-term unemployed, poor health was also an important factor. One of every eight workers aged 55–64 had left his last job for health reasons, compared to only one out of every 20 of those aged 45–54.

JOB SEEKING BEHAVIOR

Table 3 presents data that bear on the relationship between length of unemployment and what the older job seekers in this study perceived as appropriate work and their behavior in looking for work.

TABLE 3
Job Seeking Characteristics, Older Workers Unemployed in October, 1957, Peoria, Illinois, by Length of Unemployment (percentage distributions)

	Initial length of unemployment			
	Short term (3 mos. or less)	*Medium term (4–11 mos.)*	*Long term (12 mos. or more)*	*Total*
Number	34	54	94	195[a]
Per cent	100	100	100	100
Kind of Work Willing to Accept				
Least pay				
$1.00 or less per hour or living wage	35	31	42	38
$1.00–$1.99	39	47	31	37
$2.00 and over	13	18	14	14
Union scale	13	4	13	11
Per cent willing to move out of area	73	62	51	59
Per cent willing to take work other than in "regular" occupation	85	98	96	95
Pattern of Job Search				
Per cent who looked for work outside the Peoria area	38	43	35	38
Per cent who made direct applications	74	85	85	82

TABLE 3 (continued)

	Initial length of unemployment			
	Short term (3 mos. or less)	*Medium term (4–11 mos.)*	*Long term (12 mos. or more)*	*Total*
Of those who made applications:				
Per cent who applied early *only*[b]	64	70	78	74
Per cent who applied late *only*[b]	8	15	20	16
Percent who applied throughout period	28	15	2	10
Those who applied late, why didn't apply earlier				
Sickness or injury	100	40	58	56
Expected recall to previous job	....	40	17	22
Thought no jobs available	....	20	8	11
Seasonal factors (bad weather, etc.)	....	....	17	11
Those who applied early, why stop applying				
Repeated turndowns because of age	20	22	35	28
Sickness or injury	....	4	16	9
Expected recall or call to job had applied for	27	11	9	13
Afraid would lose regular job if accepted job while on layoff	40	37	16	25
Decided no jobs available	7	26	23	21
Other reasons	7	....	2	3
Job helps used in the past[c]				
Private employment services	28	20	18	21
Mass media advertisements	40	49	55	50
Direct application	98	96	100	97
State employment service	79	79	80	80
Union	53	59	64	60
Friends or relatives	67	75	70	71
Most helpful in finding jobs in the past				
Mass media advertisements	6	2	3	3
Direct applications	67	63	61	62
State Employment Service	....	4	4	3
Union	18	19	10	15
Friends or relatives	9	13	20	16
Other	....	....	2	1

[a] Includes 13 who could not be classified as to length of unemployment.

[b] Those who applied *early* made direct applications for work only in the early part of this spell of unemployment. Those who applied *late* applied only toward the end of their spell of unemployment.

[c] These refer to methods used in earlier periods of unemployment as well as the current period.

A majority in this study said they were willing to move their residences out of the Peoria area in order to have a job, and nearly all indicated a willingness to accept work other than in their "regular" or usual occupation. These answers suggest a considerable willingness to adjust to the kinds of jobs available. About three-fourths of those who said they would change occupations were willing to accept "any" kind of work. Substantially fewer of the long-term than the short-term jobless, however, had any interest in moving out of their home area for employment. This difference is not attributable to the age difference between the two groups. Those aged 55 and over expressed willingness to move as often as younger workers.

Most of the workers did specify a minimum wage below which they would not be willing to work. Only about one-quarter appeared to indicate a wage as high as two dollars per hour, however, and another fourth said they were ready to accept a job paying a dollar or less an hour. Fifteen per cent said they were willing to accept any "living wage," but did not specify what this wage was.[8]

Few workers had the opportunity to exercise their job requirements in accepting a job. Only 11 per cent said they had refused a job offer during their period of unemployment. Reasons given for refusing jobs included low wages, too distant location, poor hours or working conditions, and type of work not liked. There are two possible explanations for the low proportion who were offered jobs: (1) few jobs were available for which they were acceptable or qualified and (2) the workers did not come in touch with the jobs that were available.

A few items in Table 3 indicate the efforts put forth by the workers to find jobs.[9] A large majority made at least one direct application for work to an employer. Nearly 20 per cent, however, made none. A minority said they had extended their search outside normal commuting distance of Peoria. As might be expected, fewer searched for work outside the area than said they would be willing to accept such work.

Only a small minority of the workers had found such channels as mass media advertising or the state employment service very helpful to them in locating jobs when they were out of work. In the experience of these workers, the most fruitful method of job search

[8] This group is combined in Table 3 with those who specified a dollar or less per hour. The two groups combined totaled 38 per cent.

[9] The data are based on worker statements of how they looked for work.

was making direct application to employers. The most common pattern during this period of unemployment, however, was to discontinue making applications for work after a period of time. The most frequent reasons given for giving up this aspect of the job search were discouragement over repeated rejections by employers because of age, fear of losing their "regular" job if they accepted another job while on layoff, concluding that there just were no jobs available, and the expectation of recall or call to a job for which they had applied earlier.

The data suggest that some of the workers did not seek work with a high degree of urgency. In part, at least, this appears to be the result of discouragement with the prospect of finding work, on the one hand, and hope that former jobs or jobs they had applied for would open up, on the other. Whether a more diligent search would have been effective cannot be answered. The data in Table 4, however, tell something about what the workers attributed their success or lack of success to.

WORKER PERCEPTIONS

Those who had found a job in less than six months were asked: How do you explain the fact that you could find a job when so many other workers could not? Those unemployed six months or more were asked: Aside from the fact that jobs were very difficult to find, do you know of any other factors that made it difficult for you to find work?

About one-third of those who found a job within six months attributed their success to their particular skill or experience. A little over one-fourth thought finding a job was the result of a diligent job search or willingness on their part to take whatever jobs were available. These reasons were given by about three-fifths of those replying to the question. The remaining two-fifths gave reasons that were not closely related either to their work experience or to their job search: help from friends or relatives, call-back to a previous job, or luck.

The overwhelming response of those who had the most difficulty finding work was that their age was the factor most responsible. Many appeared to reach this conclusion on the basis of alleged statements by employers that they could not hire workers over a particular age. Others appeared to imply this reason on the basis of their ex-

TABLE 4

Perceptions of Causes of Labor Market Experience, Older Workers Unemployed in October, 1957, Peoria, Illinois, by Length of Unemployment (percentage distributions)

	Initial length of unemployment			
	Short term (3 mos. or less)	*Medium term (4–11 mos.)*	*Long term (12 mos. or more)*	*Total*
Number	34	54	94	195[a]
Per cent	100	100	100	100
Why able to find job quickly				
Looked harder than others	18	21	n.a.[b]	19
Good references and experience	6	21	n.a.	11
Shortage of his skill	32	5	n.a.	23
Willingness to take anything	15	....	n.a.	9
Help from friend or relative	21	16	n.a.	19
Called back to former job	9	32	n.a.	17
Just lucky	....	5	n.a.	2
Why not able to find job sooner				
Age	n.a.	79	71	74
Age and/or education	n.a.	6	7	6
Health	n.a.	9	11	10
Couldn't find his type of work	n.a.	....	5	4
Age and race	n.a.	....	4	3
No jobs at the time	n.a.	6	1	3
Whether following were barriers				
Age	88	91	90	90
Health	12	19	32	25
Education	38	35	37	36
Per cent currently interested in job training	16	20	11	15
Relation of U.C. to chances for job				
Increased chances	12	9	15	14
Decreased chances	8	4	1	3
Neither	79	87	84	83

[a] Includes 13 persons who could not be classified by length of unemployment.
[b] n.a., not applicable.

perience in being rejected for jobs for which they had applied and for which they felt they were qualified.

All of the workers were also asked to check from a list of possible barriers to finding a job those that they thought might lessen their own chances of being hired. Nearly all, including the short-term unemployed, indicated that they considered their age to be a disadvantage. Sizable minorities also thought their health and the level of their education reduced their prospects for employment. Nearly

all of those aged 55 and over (96 per cent) viewed their age as hampering their chances of finding employment and over a third cited the state of their health as a factor. Also, those with less than a ninth grade education much more often than those with more education felt that their lack of schooling militated against their finding jobs (44 per cent compared with 25 per cent). Only a few thought their nationality, religion, or race was a major factor affecting their employment opportunities.[10]

In spite of the generally low level of skill attained by a majority of the workers and the concern of some that their lack of education stood in the way of finding jobs, few said they were interested in taking any kind of vocational or special job training. They apparently did not view training as a hopeful way of increasing their employability, perhaps because of the conviction that their age would preclude them from employment opportunities regardless of what they might do to improve their marketability. Perhaps the same reason helps explain why so few viewed the receipt of unemployment insurance as increasing their chances for locating a job.[11]

CONCLUSIONS

The design of this study precludes a full explanation of the extended unemployment experienced by many older workers. The demand side of the problem is largely ignored, yet the employment and hiring policies of employers are at least as important as the characteristics of the older workers considered here. The older workers themselves were convinced that refusal of employers to hire older workers is the major barrier to their finding jobs. Nevertheless, the findings of this study suggest that consideration of the older worker problem must also take account of supply factors. It is useful to distinguish, on the basis of personal and work history characteristics, three groups of unemployed older workers. Different approaches to the problems of workers in these groups would seem to be appropriate.

[10] Only about 3 per cent of the workers were non-white, which explains why race was not often indicated as an important factor. The small number of non-whites is attributable to the relatively small proportion of non-whites among the older labor force and the chance factor of random sampling which produced a small representation.

[11] Younger workers, however, also view unemployment insurance as unrelated to their chances of finding jobs. See, for example, Wilcock and Franke, *op. cit.*, Chapter 5.

In one group are those whose level of education, skill and training, health, or motivation to work are such that the chances of their being able to compete for jobs, except in periods of extreme labor shortage, appear to be very low. For those in this group, consideration should be given to making subsidized employment opportunities available to them or to making their withdrawal from the labor force financially feasible. Many who would fall in this group are over the age of 55.

A second group of older workers, while they may be qualified only for jobs at relatively low skill levels, appear to have work records, levels of education and skill, and health which make them fully capable of employment in private industry. In many cases their unemployment can be traced to displacement from long-tenure jobs because of plant shutdowns or other technological changes. In circumstances where it is possible, the most effective approach to aid workers in this category would be arrangements for avoiding permanent separation from their employers through such devices as interplant or interdepartment transfer when facilities are closed down or jobs destroyed because of technological change. This solution, of course, is not always possible. Those who become unemployed could benefit from various kinds of assistance in making necessary labor market adjustments. Most of them rely primarily on their own efforts to find new employment, and the results of this study indicate that these efforts are often not sufficient. Also, few had taken or were interested in retraining. Nevertheless, workers in this group have the potential for continued and useful participation in the work force, and special efforts should be made to assist them in finding jobs, through counseling and job referral, and to involve them in retraining programs.

Finally, some older workers have skills and abilities that are in such demand that loss of a job means only a short period of unemployment. While they could also benefit from some of the approaches suggested above, they are able to manage in the labor market through their own efforts.

DISCUSSION

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These three illuminating papers examine three facets of the problem of securing continuity of employment for older workers.

There are two sides to this problem; first, the retention of older workers in employment which is examined in the Slavic and Taft papers. The second, and more difficult, is that of securing re-employment for older workers once they become unemployed which is dealt with in the Franke paper.

A number of basic factors influence these two problems: (1) The increased pace of technological change is making the problem of adjustment to new occupational and employment patterns in the economy more difficult for workers, and particularly for older workers; (2) older workers are growing in number, both absolutely and as a percentage of the population, while their educational and skill levels are on average much lower than those of youth who are entering the labor force in increasing numbers; (3) a conflict between the short-run interests of employers in utilizing their labor force efficiently with the concept of greater over-all efficiency in the utilization of the nation's labor force; (4) the conflict of early retirement with adequate income support for older workers as against the need, in terms of a high growth rate and high per capita income, for the productive contribution of all those able and willing to work.

SLAVIC-MCCONNELL PAPER

It is disappointing that this paper only gives us a glimpse of the preliminary findings of a more comprehensive research design.

The major statistical underpinning of the study is subject to serious question, mainly because the first sample survey on which the analysis of the paper depends was secured from only 45 per cent of the firms in the universe. This response can hardly be regarded as representative of employer retirement policies, because employers are likely to be sensitive about the public relations aspects of their policies. To what extent do the retirement policies of the 55 per cent of non-respondents differ from those of the respondents, because the non-respondents may have less socially desirable policies? The paper presents very detailed statistical findings based on this 45 per cent

response, together with tests of statistical significance which are really valid only on the assumption that the findings are representative of the whole universe.

THE TAFT PAPER

Professor Taft's paper examines an important dimension of the problem of retaining older workers in continuing employment through the impact of collective agreement provisions in some selected industries.

He examines the positive, as distinct from the negative, contributions which collective agreement clauses make to the retention of older workers in employment. An interesting hypothesis of his study is that seniority clauses may lead to better total manpower utilization because older workers are protected from layoff and thus contribute to lower unemployment because there will be fewer older workers seeking re-employment. The other side, however, of the seniority coin is that once older workers become unemployed, it is more difficult for employers to hire them, except perhaps at relatively unskilled levels and thus industry is unable to fully utilize the skills and experience which they possess. One of the negative sides of collective agreement provisions is that employers may sometimes be forced to lay off or prematurely retire older workers because agreements do not allow for flexibility in offering lower rates to older workers for lighter work or for less productive performance.

It would be useful for Professor Taft to extend his study further, by undertaking an analyses of collective agreement clauses as a whole as they affect older workers. This would include such clauses as the impact of cumulative sick leave, graduated vacation plans, furlough leave, supplementary unemployment insurance benefits, severance pay, and other clauses which are tied to length of service and thus have a bearing on the employment pattern and benefits of older workers in industry.

THE FRANKE PAPER

This paper, based on a survey of unemployed older workers, examines the difficult problem of how older workers may secure re-employment when they become unemployed.

While the data relate to a single labor market over a limited period of time, I was particularly struck by the fact that the findings "rang a bell" in terms of our knowledge of the characteristics of unemployed older workers in Canada.

Using this excellent paper as a launching pad, I would like to make a few generalizations with respect to the question of securing re-employment for older workers, as the paper appears to lend a good deal of support to them.

It is not so much that age is the villain in terms of securing employment for older workers, but rather that a number of disadvantages in terms of a competitive labor market are often strongly correlated with age. This constellation of disadvantages tend to be as follows: (1) Low education, as the older worker has typically entered the labor force thirty to forty years ago when the average level of schooling was much less than for younger age groups entering the labor force. Today's jobs call for more and higher levels of skills, specialized training and education. (2) The older worker is more likely to suffer from disabilities of illness or accident. (3) In a changing industrial world, he may have accumulated habits of mind, work experiences and work methods which are viewed as handicaps rather than assets by many employers. (4) Long periods of unemployment have often made him pessimistic or cynical about his chances of re-employment. He therefore exhibits a lack of aggressiveness and an outlook which are not regarded as "positive" by employment interviewers.

Employers frequently tend to symbolize disabilities of this kind under the single heading of advanced age, rather than seeking to explore on an objective basis the assets and liabilities which older workers as *individuals* may have in relation to specific jobs. This complex of problems associated with age leads to the familiar phenomenon of "age discrimination" in employment as the term is defined in Professor Taft's study.

Based on this diagnosis, I would suggest that action programs on the part of governments, employers, unions, and other private and public agencies must be tailored to dealing with the *specific* handicap possessed by individual older workers. These handicaps must be overcome in terms of specific programs rather than by attempting to deal with age as a disability in and of itself. This suggests that the disabilities which are typically found among older workers must, in the long run, be prevented from developing. Society can only fundamentally deal with this problem by developing programs which reduce the extent of the kind of handicaps which are associated with age in the employment market. The suggested solutions are in terms of more continuing training for all workers to adapt them to chang-

ing technology, the development of specialized employment counseling, the development of more liberal seniority systems, and in most general terms, the development of positive manpower programs which have validity regardless of the age of workers.

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These three seemingly disparate papers have one unifying theme in common, namely they deal with various economic dimensions of that vague and amorphous problem area of aging. Two of the papers deal with institutional practices as they impinge upon either employability or the maintenance of employment rights while the other deals with the labor market characteristics and behaviour of that nebulous abstraction called the older worker. Each of the papers sheds some additional insights upon the economics of aging and either raises some additional questions of researchable import or generates hypothesis which, if tested, could fill in some of the "empty boxes" of our knowledge.

In analyzing these papers this discussant is perhaps guilty of the sin of all such participants, namely, of creating the world in his own image by emphasizing or even perhaps pulling out of context what he himself deems to be of interest or would like to dissect. In such criticism there is always the danger of either failing to do justice to the essential nature of the papers or of criticizing just to prove one's wisdom. Confronted with the tribal ceremonial of having to fill the proper amount of time and of filling up the record to justify his own presence the reviewer finds himself unable to sit down by simply saying well done and instead has to accentuate the negative. The comments that I am about to make should, therefore, be treated in the above contexts and any differential emphasis in time and space allotted between the three papers should be interpreted correspondingly.

For some years considerable segments of the literature especially, of the so-called older-worker on gerontological variety, has pictured this complex problem in relatively over simplified black and whites which can be likened to an old time melodrama. Here was the Simon Legree employer, the discriminator, cracking his whip

either by refusing to hire workers over 45 or by firing them unless they had seniority. Meanwhile the older worker "Topsy" was always on thin ice when seeking employment since it is a "well known fact" that once unemployed he is jobless for a longer period and that a disproportionate share of the "long term" and "hard core" problem workers are over 45. This over simplification is reinforced by the commonly held belief that most older workers who unfortunately find themselves on the job market are long term, high seniority workers who were the victims of either automation and technological change, or plant shutdown and relocation. In other words displacement of older workers is non-selective and is generally due to outside or exogenous forces.

Professor Franke's study and excellent analysis, and recent work with much larger samples in 12 labor areas by Professor Richard Wilcock and myself which even more strongly reinforces his position, properly puts the various shades of grey back into our color scheme and indicates that the problem is far too complex to merely use the labor market difficulties of older workers and employer hiring practices as proof of individious discrimination. In fact what his analysis shows is that unemployment of older workers is much more selective than most had assumed or were willing to believe. Not only is unemployment selective in it's incidence but the length of unemployment also apparently involves differential characteristics between various categories of older workers. What this paper suggests is that the older worker who has both lost employment and subsequently has greatest difficulty in finding new jobs is more likely to have been a shorter term employee, to have had less firm occupational and industrial attachments, to have less education, and to have much greater health problems. He is in other words a higher cost employee in general and as evidenced by Franke's work the market, albeit imperfectly, does make choices as between those who are the lower cost older workers and higher cost ones through differentiating their lengths of unemployment. Other analysis would show that the industries and firms which generally have age barriers are generally high wage industries, generally of a durable goods nature, characterized by more routine, repetitive, and physically taxing activity. Those firms who, will generally hire older workers tend to be in lower wage less physically taxing industries in which the wage rate can discount what is regarded as the higher employment costs of older workers. This is not to contend that in all cases such age limits reflect rational

criteria since any given older worker may be superior and have lower employment costs but it is to suggest some caution in always alleging discrimination.

Further study of those areas in manufacturing and in the services, generally the menial ones, which have no formal age hiring limits and which tend to take on older workers would cast additional light upon this matter and perhaps be a more meaningful way of ascertaining the possible occupational and industrial areas in which older workers would have greater employment prospects. Another equally revealing study, and we are getting some substantial insights into this matter in our own study, would be one dealing with the differential characteristics of those workers who stay to the "end" in declining industries and labor market areas. Preliminary data would seemingly imply that the remaining workers, who are ultimately affected by these non-selective changes which presumably are beyond their control may be those workers who stayed put because their characteristics were such that their labor market alternatives were the least attractive.

One of the reasons frequently cited by employers for not hiring older workers or for age hiring limits is the prevalence of seniority and pension systems. In other words seniority "protects" some workers of a given age category at the expense of other job seekers of the same age as much as it does against younger workers. This is one implication that can be drawn from Professor Taft's thoughtful analysis of collective bargaining clauses which attempt to keep the high seniority older worker in the work force of a particular firm until retirement. If a large number of jobs already have to be "put aside" for older workers who have been with the firm for a long time it is quite clear that the same firm will be reluctant to hire additional numbers within this category. It should also be evident as Professor Taft implies that these clauses which, caeterus parabus, would leave the firm with a higher than average age labor force would tend to militate strongly against the employer taking on any additional new older workers. In the context of assessing the transferability of older workers, through collective bargaining agreements to less taxing "older jobs," some greater analysis, which I am sure will eventuate in a longer report, of clauses pertaining to pay and in some cases refusal to accept downgrading would be most helpful.

Of equal interest are those problems dealing with plant movement and the relocation of employees. Not only are the impacts among

different segments of a given union of great internal political importance but the whole issue of "for whom" in area redevelopment is raised by this analysis. Many areas make great effort at high costs to attract new industries, in order to benefit their present residents. If plants relocate and bring their own labor forces with them they still constitute a net increment of jobs and growth in that given region but do not absorb the existing regional unemployed or underemployed especially, if these jobless groups are composed of a high proportion of aging workers. The latter, in fact, may obtain only belatedly the "secondary" employment spill-over from such development and according to some indications Professor Wilcock and I are getting, even if there is no relocation or movement of workers from other plants such a result is likely to take place. The entry of new plants either tends to result in employment of returning younger workers who had previously left the area, new industrial recruits out of the agricultural underemployed, or even younger workers out of menial lower level service activity. These groups tend to obtain jobs before older unemployed workers are hired or rehired.

Professor Taft's analysis of relocation clauses could open up another area of inquiry. Some of the relocation efforts he cited were highly successful while in other cases even though unemployment in their own localities seemed to be the only alternative workers refused to move. What are the factors which induce mobility and what types of workers are most and least mobile in response to "relocation efforts"? What employer policies (including transfer of seniority and other rights) are likely to promote the desire to relocate? Above all, what is the balance between the older worker's fears and perceptions about not getting another job which would logically induce greater response to relocation and his longer attachments to a home and area which would induce relatively greater immobility.

The paucity of my comments about Drs. Slavick's and McConnell's paper is not due to any feeling on my part of it's lesser quality or importance. In fact, the methodology and techniques employed are quite sophisticated. I do, however, share the already voiced concern about making even tentative generalizations upon a sample of 45 percent respondents. However, due to my own mobility their paper has been, until yesterday, following me about.

If this reviewer were to state any preference, it would be to induce in this study a much greater emphasis and concentration upon occupational variables as between plants, firms, and industries, in order

to ascertain whether these entities adjust to different occupational compositions by greater utilization of flexible retirement provisions. In addition much greater emphasis upon these individuals who frequently, and in fact increasingly so after 55, suffer involuntary unemployment and subsequently finding jobs difficult if not impossible to acquire, drop out of the labor force would add immeasurably to this study. This group constitutes what might be termed the involuntary retirees. What impressionistic data we have amassed would indicate that this form of forced, unplanned, and unsought retirement is increasing. This is evidenced on a national basis by the substantial decline in labor force participation rates among males, especially Negroes, 55 years of age and over.

These remarks are not meant to either derogate or downgrade the older worker problem and the need for revision of some labor market institutions and practices to enable job seeking older workers to more easily find employment. Instead these comments are designed to indicate the enormous complexity of the problems and that it is not even a matter of simple, easily defined and discovered, equity to urge favorable treatment for the over 45 and over group. In fact, in the absence of any semblance of full employment the conflicts between rival age group claimants over scarce job opportunities are likely to cumulate and intensify.

These hit and run, rambling comments, all too often of assorted trivia, do not do justice to the papers and their authors. In addition these papers are preliminary and partial reports of much more substantial studies and many of these comments, therefore, would have undoubtedly been rendered inconsequential or even exorcised by my exposure to the totality of the research efforts. I wish to thank all of you for allowing me to pontificate this long.

Part VI

TWENTY-FIVE YEARS OF INDUSTRIAL RELATIONS

RECORD OF COLLECTIVE BARGAINING IN THE LAST 25 YEARS

JOHN HERLING
Washington, D. C.

The subject assigned to me is the "Record of Collective Bargaining in the Last 25 Years." I must say at once this account will not turn into a high fidelity record. It will not list in detail all or even most of the achievements which usually are credited to the progress of industrial relations through collective bargaining. Nor will I list all of the dramatis personnae in the drama of collective bargaining. It will be rather a list of impressions, mostly factual I believe. Perhaps too there is the echo of a recessional theme that will caution us, at least implicitly, not to forget that processes of collective bargaining require sustained power on both sides of the bargaining table. The belated recognition that there must be such power has come to many Americans with a shock which the years have not cushioned.

There is indeed no angel theory of collective bargaining, or for that matter no devil theory. Collective bargaining in the last 25 years could be roughtly rescribed as a legislative triangle bounded on one side by the Wagner Act, on the other by Taft-Hartley, and the third by Landrum Griffin. Biographically, the history of collective bargaining may be described as Myron Taylor at one end, George Taylor at the other and John Lewis pacing restlessly in between. But that would be unfair, quite obviously, to Walter Reuther. We can also note that this period of collective bargaining was conceived with some anguish and violence in a time of unemployment and uncertain recovery and has rounded the quarter century to suffer from the pains of the same misery. Indeed—you can say we have moved from the spacious days of John Lewis to the lacrimose stage where we intone "sic transit gloria mundi." * * *

* * * If we are to start where we should, we shall have to talk about the climate in which latter day collective bargaining began.

By mid-1935 the preparations were well under way for the new era of collective bargaining. Although this may seem to oversimplify the situation, it would be historical distortion not to emphasize the role of John L. Lewis, both as the chief architect and master builder of collective bargaining in the quarter century we have under discussion.

Indeed, it is tempting to recount the story of the 1935 convention of the AFL as the historical locus, if not the genesis, of the dynamism out of which the new collective bargaining era began. Neither your time nor your patience should permit this. Perhaps psychologically and symbolically the most significant act taken at the AFL convention was not the punch John Lewis threw at Bill Hutcheson, but the elimination of advertising by corporations from the American Federationist. The large advertisers were the huge corporate enterprises most of which were still unorganized. As a first step it became essential to unload the burden of accepting tens of thousands of dollars from non-union employers. The latter were only too happy to provide such gratuities to the labor movement which had not got around to organizing their employees and whose representatives had not yet comprehended the means by which they might ever do so. Who that heard it will ever forget John Lewis's ironic question to that convention: " Did you ever hear of a worker buying *an* Baldwin locomotive?" * * *

* * * In the following year the new organization—still in its tentative form—was a wholly dedicated arm swinging for and sometimes at the Roosevelt Administration. Even John L. Lewis who four short years before had continued his Republican tradition by supporting Herbert Hoover, proceeded with his vast aplomb to announce his support of Franklin Roosevelt. In the 1932 campaign, Franklin Roosevelt had not found it necessary to make any appeal to organized labor; he worried more about the farm and the progressive Republicans—after all in those days nationally authentic progressive voices were seldom Democratic, they bore names like Norris, LaFollette, LaGuardia, Bronson Cutting, and so on. When a union spokesman called Candidate Roosevelt's attention to the absence of a collective bargaining plank in the 1932 Democratic platform, Roosevelt called it an oversight and promised to cover the subject in a campaign speech. He never got around to it. And all this has happened four short years before.

With the country desperately bogged down in depression and continuing unemployment, the organization of unions was an act of faith based on the confidence in the future. But with the 1936 victory, the trade unions felt that the situation had reached a form of stability. In the steel industry, the employee representations plans were being changed from within although the forms of the United Auto Workers

in June came the formal organization of the Steel Workers Organizing Committee, and the start of organizing campaign in July.

Now consider the situation: the political campaign was in full cry; the organizing campaign was steamrolling ahead; the stresses and strains inside the AF of L were themselves generating unsuspected energies. At this time the employers of mass production industries were trying to move from the defensive to counterattack. The mere fear of unionization had begun to induce wage increases. With the Wagner Act of 1935 under severe constitutional scrutiny, employers were working hard through the National Liberty League and other devices to throw out the New Deal, or at least, slow it down. But even before the Supreme Court read the election returns of 1936, the pattern of sitdown strikes in the auto industry had begun. Improving on the lessons of the sitdown strikes in the rubber industry in Akron early that year, these dramatic demonstrations for collective bargaining ranged through the domain of General Motors. When the then UAW president Homer Martin asked for a conference with General Motors, William S. Knudsen, then G.M.'s vice-president, announced an interview with the union leader had been "granted." He told the UAW president to take up charges of "alleged discriminations" with the plant manager, or if necessary, the general manager, "this being in conformity," he said, "with the corporation operating policy." Five years later, Knudsen and Sidney Hillman were co-chairmen of the National Defense Mediation Board at the start of World War II. But in December, 1936, the top lofty attitude of the corporation toward the union was enough to trigger the General Motors strike in dead earnest. And so, the locus of the sitdown strikes moved to Flint, Michigan, at the Fisher Body and Chevrolet plants.

At the same time, the pressure in behalf of collective bargaining was turned on through the LaFollette Civil Liberties Committee, which became a sounding board for labor's mounting grievances. Always at hand, there was the eager staff, the ready witness room, and the attendant publicity which in effect carried the word out to the field. The Civil Liberties Committee practically became an educational arm of the emerging CIO. The confluence of economic and political pressures roared along. Every fact of labor spy activity, of employers' violence, was transmitted dramatically to a horrified public. The employers were completely off balance. Now, they, the union members, and the Supreme Court had been evaluating the election returns.

At the height of the sitdown strikes, with dramatic events sweeping the country, with Congress heaving with the President's Supreme Court packing plan, news of first magnitude broke out when John L. Lewis and Myron Taylor, head of U. S. Steel, announced an agreement covering the Carnegie Illinois Steel plant. This was stage one in the rocket of the recognition drive of the Committee for Industrial Organizations. Lewis was no longer simply agitating the AFL; he and his associates had taken collective bargaining out into the wide world. He won status for himself and for the burgeoning trade unions and although his own union's posture had been somewhat weakened earlier in May 1936, by the Supreme Court's discarding labor relations sections of the Guffey Coal Act, the Myron Taylor-John Lewis duet caused dancing in the streets of company towns through the steel and coal area. Lewis could feel that the allout support of the Roosevelt Administration in the 1936 campaign was paying off handsomely. Industrial statesmanship was busting out all over.

In the late 1930's the collective bargaining scene was characterized by uncertainty as well as enthusiasm. No pattern was clear. There was a certain amount of looking abroad toward Great Britain and Sweden. But the dominant feeling among workers was that of clearing away obstructions and legal clutter, and a sense of uplift. In many cases men who had merely talked of labor solidarity and rights suddenly became organizers and had to do something about it. Among the voices of experience there was a kind of calm and sometimes arrogant assumption that what was good for the ILGWU, the Miners or the Amalgamated Clothing Workers was good for labor in general. In fact, there were no alternatives. Lewis and his people acted like men unafraid—even when many were scared to death. They were riding events, skillfully. They understood the nature of the opportunity. They began to enjoy the cachet of success. Lewis could talk to Presidents and tycoons and not lose the common touch. They were related to the godhead. There was glamor and prestige in the United Mine Workers' headquarters in those days. The dynamics of power and of labor organization were harnessed together.

Then came the great Supreme Court decision in the Jones and Laughlin and Associated Press cases; let us not forget by the way the role that the Newspaper Guild played in laying the groundwork in this period. In its great landmark decision, upholding the constitutionality of the Wagner Act, the Supreme Court reversed earlier posi-

tions by 5 to 4; it declared: "Experience has abundantly demonstrated the recognition of the right of employees to self-organization and to have representatives of their own choosing for the purpose of collective bargaining is often an essential condition of industrial peace. Refusal to confer and negotiate has been one of the most prolific causes of strike. This is such an outstanding fact in the history of labor disturbances that it is a proper subject of judicial notice and requires no citation of instances."

To most observers the threat of President Roosevelt's "court packing" plan already seemed to have had its effect. Judge Learned Hand, that noble legal voyeur, remarked the whole proceeding, this about face of the Supreme Court under the pressure of events, recalled Mr. Fielding's line: "He lept upon her and would have robbed her of her virtue but that she by timely acquiescence prevented him." * * *

* * * Since history is written, of not by survivors, then friends of survivors, it is difficult to reconstruct that period when Lewis arose phoenix-like from what were almost the ashes of his own union to become the leader of a great crusade. For him collective bargaining was a portmanteau word; in it was incorporated more than wages, hours and working conditions. Through it he expressed economic, social and personal will. By skillful exploitation of political opportunity and with magnificent nerve, he led the march of labor. He showed enormous creativity in the field of collective bargaining. He established in the public mind the image of a strong resourceful bargainer. His tactics were geared to the coal industry, but even more significantly, out of the miners came the stream of organizers who were among the few with the background and experience to deal with the problems confronting a basic industry. * * *

* * * John Lewis's role had been clear and pervasive. He was the first to face up to the implications of technological advance in his industry. It was he who arranged through one form of bargaining or another to include health insurance, pensions, a hospital system and the whole spectrum of welfare and retirement provisions which made up a private welfare state. What is left in the coal states now appears to be the hard core of the miners—and the great supply of former miners, aged, unemployed or infirm. While he talked of shrunken bellies—he used that phrase even before Walter Reuther did—he also looked ahead to the time when technicians would become a kind of elite, extracting the coal through panel instruments. All this may yet

happen, but the advantages he won for his people through a system of the "open end" contract have now turned into anxious burdens too great for the collective bargain to sustain. But in general, no labor leader knew his industry more intimately than Lewis knew the coal mines. It appears that his collective bargaining, though a many splendored thing, have proved a form of term insurance which has now run out.

While warmly approving his own achievements, he often ridiculed those of others who displeased him, through failure to do him obeisance, or even more, to disregard his pattern of behavior. When in 1948, the United Auto Workers, led by Walter Reuther, signed the first major contract in a major industry, gearing wage increases to productivity, with Charles E. Wilson and General Motors, Lewis scorned this historic development as the product of the "broken leg" theory of collective bargaining. It appears that Mr. Wilson, in a moment of candor had announced that the idea of an annual improvement factor came to him in a reflective mood as he lay in the hospital nursing a fracture. Mr. Lewis was never one to overlook anything which he could construe as an admission of physical weakness or what seemed to him evidence of a union leader's lack of militancy. He also jeered at the cost-of-living escalator clause; he refused to recognize that there was a wage floor but wryly predicted that wages would fade out of sight.

Of course by this time, Walter Reuther—a man Mr. Lewis never raised—was being hailed as the emerging creative figure in the field of collective bargaining, and Mr. Lewis could only remember that when he was 57 and a lion in the street, Walter was 29 and just out on the street.

Despite Mr. Lewis's massive tantrum, the annual improvement factor—the concept of raising wages in line with advancing productivity—spread from the auto industry throughout the economy and became a staple of collective bargaining, in economic planning, in wage arbitration and even in minimum wage legislation.

The coming of World War II might not have encouraged the exercise of free collective bargaining, as it surely did not, but it did result in the more general acceptance of labor's role in the economy and the nation. For labor, the years of World War II became a period of numerical growth, of consolidation. But as in 1936, it also became a time when the employers regrouped their forces to launch a counter-

offensive against labor's efforts to achieve something approaching a parity of power.

At various times there develops a general belief that the time has arrived for a large scale effort to evaluate labor-management relations. In November 1945 came the post World War II labor management conference. It was also the post FDR period. President Truman, under whose aegis the conference was called, then had more popular sympathy than prestige. More at that time a caretaker of government than leader in his own right, a President in such a condition could hardly command the public interest. In this conference labor and management each had 15 representatives and the public only 3. This conference failed in its essentials. It could not agree on the boundaries of management rights or on the representational and jurisdictional rights of labor. The four way division inside American labor, the AFL, the CIO, the United Miners and the Railroad unions, was hardly conducive to a common position on labor.

By this time, employers individually and in their entirety were more interested in pushing ahead on restrictive, if not punitive, labor legislation than developing any methods of accommodation. The Smith-Connally Act, passed in war time was still on the books, and before its expiration the Taft-Hartley Act had already worked its way through the 80th Congress, over Truman's veto. Even more than the specific restrictions was the wounded self-esteem of the labor movement and the consequent belief that the parity of power required for effective collective bargaining had been badly impaired in some sections of the economy. But despite this poor political climate, the UAW and General Motors had succeeded in signing a landmark agreement—a tribute to a revitalized UAW and a creative management. * * *

* * * Shortly after Eisenhower's inauguration in 1953, Auto Workers President Walter Reuther and Steel Workers President David McDonald, came to the White House. According to the "first hand report" of Sherman Adams, "He (Eisenhower) had a meeting in the Cabinet Room . . . with Walter Reuther and David J. McDonald. . . . Eisenhower asked me to sit in with them. He was curious about Reuther, whom he had never really met before, and the CIO President, with his remarkably quick and dexterous mind, good manners and convincing line of talk, made quite an impression on the President. To anyone unfamiliar with his remarkable ability to capitalize on points that came up in conversation and to turn them

to his advantage, Reuther made a lot of sense. He made a favorable first impression on anyone including me. McDonald was the pipe-smoking thinker type who had less to say. Eisenhower thought there might be something in Reuther's idea that labor, management and government had no real differences because the goals were the same—prosperity and security for the nation. Why, then, Reuther asked, couldn't harmony be built up by reaching agreements in what he called 'great areas of common ground'? Underneath Eisenhower's disarming cordiality I detected a certain wariness. . . . On the other hand I could see that he was rather intrigued with Reuther's proposal" What happened next? Adams said: "When he (Eisenhower) broached the idea to the Republican leaders in Congress, they hit the ceiling. The President had not yet learned that to most of them Reuther was political anathema. Eisenhower quickly saw that, to use one of his own expressions, he was getting into a can of worms."

But let us go on for a moment. "Not to be wholly eclipsed," said Adams, "Martin Durkin, Eisenhower's first Secretary of Labor, who was himself anathema to the CIO's Reuther, because he had served as a union leader in the rival AFL, brought into the cabinet practically the same proposal. Eisenhower gamely suggested that the Labor Secretary sound out business and labor people to see if they would be amenable to serving on such a peace committee. His efforts fell so flat that Eisenhower quietly forgot the whole plan."

And yet, Eisenhower did what no President since Wilson had done: he had appointed a union official to the Cabinet. According to Adams, Martin Durkin was a selection Senator Taft called "incredible," because Eisenhower was trying to put into practice what Adams called a highly commendable theory. He felt that organized labor had had too much access to the White House during the Truman administration and that the President's office had interferred too much in the negotiations of labor-management contracts. He placed one of labor's men at the command of the Labor Department in the hope that the union leaders would go there with their problems instead of to the White House. But there was too much basic conflict between the strongly pro-labor Democratic views of Durkin and the conservative domestic policies of the Eisenhower administration."

All of which reveals the rather great yawning gaps in understanding and communication. When James P. Mitchell was chosen as Durkin's successor, there was a sharp accession of sophistication in

the handling of labor problems, but the sledding was rough for the Labor Secretary. Which led Governor Rockefeller to say in introducing Mitchell to a group during the 1960 Republican Convention: "Jim Mitchell has been a fine Secretary of Labor. But let's face it, it's not the easiest thing in the world to be Labor Secretary in a Republican administration."

But characteristic of the Eisenhower Administration, said Adams, was Eisenhower's refusal to take a stand when he thought he didn't have to. "A good example of a controversial issue on which Eisenhower did not take a stand because he never had to do so, was the 'right to work' [question]. . . . Senator Barry Goldwater and other conservatives tried to get the President to come out against compulsory union membership because they felt it was a denial of the worker's freedom. Eisenhower listened to them with intent interest, but he also listened to Mitchell, who held a contrary opinion." In 1954, when opponents of compulsory union membership were defending Section 14b of the Taft-Hartley Law which permitted the states to prohibit union security provisions, Mitchell came out strongly against it before the CIO convention in Los Angeles. "Jerry Persons came to me in the White House," reports Adams, "shaking his head sadly, saying that Mitchell would be under fire from Goldwater and many other Republicans in Congress who were belligerently on the other side of the fence." The next day the President was asked at his press conference if he agreed with Mitchell's thinking. Eisenhower said that Mitchell was not speaking for the Administration. He pointed out that Cabinet Members had the privilege of expressing their own opinions, especially when the official party is under discussion and had not been decided. Eisenhower never officially met the issue of compulsory union membership because he did not have to meet it. "If he had," said Adams, "I think he would have been inclined to leave the question to the states, with the power of decision."

In the meantime, while this was going on at the White House, back at the National Labor Relations Board, developments there could furnish more of a clue to the actual nature of labor-management relations. Willard Wirtz, then merely a simple professor of law at Northwestern University, called the turn:

"While the 83rd Congress (the first Eisenhower Congress) has puttered vainly with some proposed minor adjustments to the Taft-Hartley Act, this legislation has been undergoing major alternations, so far as its application and effect are concerned at the hands of the

reconstituted National Labor Relations Board. These changes have been widely noted as reflections of the new Board's members "pro-management" backgrounds and sympathies. . . . A more lasting quality of what is happening here is perhaps a basic reduction in the role of law in the employment relationship and a commensurate restoration of the influence of private economic power."

But quite apart from the governmental aspects of the problems, the importance to collective bargaining of certain seminal minds and technicians in the development of demands and procedures must be especially stressed. Let us cite the role of Murray Latimer, who was commissioned by the Office of War Mobilization and Reconversion in 1946 to do a study on the guaranteed wage, a report which was issued in 1947.

The impact of this study which in the first instance was a product of the demand of the United Steelworkers under President Philip Murray was of creative importance. It turned from the absolute guarantee of a wage to the techniques of a supplementary wage. By 1951, when the steel workers presented their guaranteed annual wage to the Wage Stabilization Board, it offered up quite a document. It was in effect what it had recommended in 1947; it proposed that a guaranteed wage be integrated with unemployment insurance, —another private bargain tied to a public law. All this became prologue. Beset by other matters during the 1952 steel strike, the steel workers union made no effort to push the annual wage.

But the idea kept churning around in the hopper of collective bargaining. The creative staff of the UAW was already playing a key role. The United Auto Workers drew on the accumulated wisdom, made its own refinements, and began to work intensively on the problem of guaranteed wages. It approached it as large scale educational project. Membership, the employers and the public all had to be informed, guided and persuaded. The first time, I believe, the word "automation" appeared in a resolution of any American union was the UAW convention in 1953. There began a period of definition and awareness and adjustment, the end of which is not in sight. To gain the optimum wisdom, a twelve man public panel of eminent experts was appointed to study the whole problem of guaranteed wage in various shapes and forms. On the instruction of its convention, the UAW boldly enlisted academicians and was prepared to submit itself to their scrutiny and presumably benefit by their ideas. It might be observed that one of the dozen or so men involved in this panel was

Edward Cushman, professor at Wayne State University, who in the midst of these deliberations, was tapped for the vice-presidency in charge of industrial relations of American Motors. Thus, from the beetled brow of a union sprang without fear and without reproach one of America's leading industrial executives. What was good for the Auto Workers turned out better for an auto company. The fall-out from collective bargaining can result in strange formations.

At any rate, as a result of the operations of this high level group, the conversations with auto companies began on loftier ground. The reasonableness and perhaps the inevitability of the idea, and the vast statistical apparatus required to cope with the idea, had set the Ford management hard at work on the necessary permutations and combinations. Such anticipatory activity on the part of the company saved the union technicians considerable time, effort and expense, without modifying the union's hard-nosed tactics. As the date of contract expiration approached in the spring of 1955 and it became clear that Ford was selected as the strike target, Ford stepped forward with its version of Supplementary Unemployment benefit. Within four or five days, General Motors followed. Said Louis Seaton for GM, "You can just make us a Chinese copy of that."

Within the same year, SUB had become standard operating procedure in collective bargaining for the United Steelworkers and the Continental and American Can companies.

As a concomitant development, in this period, we have seen the growth of arbitration, both in the superstructure and the infrastructure of collective bargaining, and as part of the philosophy as well on the administration of collective bargaining. The National War Labor Board had become the seedbed for the arbitration process and the crop of arbitrators sown at that time has grown to full stature in the last fifteen years. The alumni association of this group is terrific, and to some it constitutes the largest closed shop still tolerated in our time. Great names have begun to loom up like All-American heroes.

Following the passage of the Taft-Hartley Law, the place of arbitration as well as of lawyers was buttressed in the land. Most of the 20,000 labor disputes which required War Labor Board determination were disputes over collective agreements. Particularly significant was the Board's philosophy requiring the use of arbitration clauses for future disputes over the inetrpretation or application of the agreement. It was a policy which laid the groundwork for the generally

accepted practice of establishing arbitration as the final step in contract grievance procedure. On this the Supreme Court laid its imprimatur.

Thus, the necessary process of arbitration has earned its indispensable right to stay, but with the steady march of arbitration, there was raised the disturbing question: what limits to arbitration? It would seem ingratitude to belittle the role of the arbitrator; without him neither labor nor management might have had the way out pointed for them either in the practical use of another good clear head, or, as a face-saving device; or as a way for union leaders to place the monkey on the back of a third party for a distasteful decision which the union leader must now urge his members to accept. But the role of the arbitrator must be placed under glass—as must any practice of importance. Some arbitrators state with passionate concern that limits be placed on their activity. Others just start that way, and then, slowly, gradually, with a show of reluctance, they become not only the choice of the two parties to a disagreement, but they become an active third man in the situation. Suddenly the family counselor in a dispute decides that the only way to keep the peace is for him to move in with the parties, and go to bed with them. From that time on, these men are not arbitrators, they are something else, perhaps a great deal more interesting and personally satisfying. At any rate, in the last twenty-five years, what started with a kind of grudging acceptance of a thankless role, the process of arbitration has now moved from that of a lightning rod to a place higher on Olympus.

Frequently, one seemed to see in the attitudes of many of the leaders of the labor movement a kind of self satisfaction combined with a sensitivity to the status symbols of their eminence which resulted in inaction. The arbitrator became the status symbol, or alternatively a whipping boy. This at times led to a curious kind of abdication of decision-making on the part of union or management. Then, there came a time when the lawyers were permitted to take over, provided the lawyers carried on in a way which did not violate the confidential lawyer-client relationship. Of course, at one time, when certain politically motivated lawyers were in charge, the operative motivation in one situation after another was far removed from the actual scene of collective bargaining. There was the time when lines written in invisible ink carried the dominant instructions, and the voices frequently inaudible to the membership were most demanding. In this

area, and in that era, collective bargaining was subjected to influences which were beyond the pale of ordinary reporting.

Many labor leaders were quite ready to yield up certain controls provided they retained the symbols of power and the office—plus the treasury. Certainly this was ready-made for the emergence of the *eminence gris*—the real operators as distinct from the decorators.

This encouraged a constant quest for methods which would lead them to succeed in collective bargaining without really trying. There was a secret life of collective bargaining which deserves more attention than I can give it in this paper. But anybody who knows anything about how a collective contract is arranged, knows that there are areas of conversation, of private hints, of indirect discourse, which are as much a part of the pragmatism of collective bargaining—and presumably a necessary part of it—as the public demonstration of its exercise.

Now, as the decade of the 1960's opened, we reached a period of urgency and poignancy which can strain, or perhaps expand, the limits of collective bargaining. At his recent National Press Club speech, Secretary Wirtz said, "A job used to be something a man expected to have all his life. Our trouble today is that is what he still expects. But it is no longer true . . . and collective bargaining when it emerged as it did in most places about 25 years ago was also built around the idea of protecting a man's particular job and his rights to a progression to another job. This is no longer true. In this era of accelerated change, an age of exploding population, in this age, a man's job is also the uncertain product of unpredictable but almost certain change."

During the past decade, several industries have tossed around restlessly and experimentally to find one answer, or at least, attempt to find the solution with some semblance of civilized behavior. No industry is immune to the winds of change. But no matter how adroit, how perceptive, collective bargaining can not provide industrial hurricane insurance. The effects on jobs, on unions, on management, on communities are traumatic. The techniques of collective bargaining have been involked in a grim effort to slow down, or at least phase in or phase out changes, in one industry after another. In the packinghouse industry, along the West Coast Longshore, on railroads and in the steel industry, a variety of formulae have been attempted to accommodate workers' interests with an industry's modernization needs. With the exception of the longshore industry, as Charles Killingsworth has pointed out, third parties have been brought in to

develop tough decisions. Perhaps the West Coast Longshore is an exception in more than one sense. But even there what success can be claimed can hardly be classified as a triumph.

Certainly the most significant development in the second half of this quarter century was the evolution of the supplementary health and welfare system. In these areas, the cross-fertilization between coal and steel and autos resulted in vast effects throughout the industry.

I will not attempt to explore or list the whole constellation of benefits which within the period under discussion were initiated or advanced through collective bargaining. Never mind that some employers were carried kicking and screaming into modern times, or that some unions reluctantly overcame their suspicion of the new techniques developed by other less inhibited unions. The fact is that whereas in 1946 only half a million workers came under any kind of health and welfare or pension plan, by the late 1950's more than two-thirds of all the workers were covered by health and insurance plans under collective bargaining contracts and nearly half by pension plans.

Especially important was the spread of the social and community concerns undertaken by unions. The political pace was quickened. This increased tempo arose and was stimulated by requirements of both defense and offense. Perhaps more than any single organizing factor in the political consciousness of the average trade unionist was the trigger of the so-called "right to work" laws. In one state after another, the trade union movement was able to set in motion political crusades of great intensity and efficiency, which it might not otherwise have been able to mount. Quite apart from the victories scored in places like California and Ohio, where the anti-union shop law was turned back, the fact of great importance was labor's political efficacy. What used to be considered largely an extra-curricular activity had become integrated into the trade union picture, not for just one or two unions, with exceptional or off-beat backgrounds, but largely throughout the labor movement.

At the close of the period we have been surveying, we have seen explicit concern of the federal government to influence in some way the course of private collective bargaining. The question can be asked just how far can privacy be maintained under certain circumstances. The answer is that parties may be private but the result of their conduct becomes public. In this connection, the proposal spelled out by

John Dunlop three years ago at the American Assembly has gained a certain degree of acceptance under this Administration. He urged that after the President's Economic Report has been sent up to Congress and hearings have been held, the Secretary of Labor might convene each year in the early Spring a full-dress conference of leading representatives of management and labor. The resulting government sponsored discussion would not be negotiations, but would stimulate direct exchange of ideas and information "in a society of free men and free collective bargaining." Since Dunlop's suggestion, we have seen emerge the President's Advisory Committee on Labor-Management Policy, under the stimulus of Labor Secretary Goldberg and co-Chairmanship with Commerce Secretary Hodges and as added implementation to the National Conference on Economic Issues. This is still a considerable distance from the annual stocktaking Dunlop suggested, but such a large-scale instrumentality could begin to have its educational effect on the parties themselves who would presumably seek, for both political as well as economic reasons, the good will of the public.

But such an apparatus does not take the place of good faith relations between parties. One of the most disturbing factors in the latter part of this period was the toughtened attitude of employers toward unions and unionism generally. As Charles Myers and Douglass Brown pointed out in the significant IRRA paper of several years ago, you will find it in the operational activities, rather than in the formal statements of large corporations or of employer associations. "It may well be true," observed Messrs. Myers and Brown, "that if American management, upon retiring for the night, were assured that by the next morning the unions with which they dealt would have disappeared, more management people than not would experience the happiest sleep of their lives."

In the past five years, revelations of corruption have provided employers with ready-made ammunition to keep unions on the defensive. The whole Hoffa serial has not only provided management with a theatre of the absurd, but it also has broken down internal union inhibitions. A strange thing has occurred; although corruption seems to affect a small part of the labor movement a certain enervation has set in. Many union spokesmen have permitted the effects of Hoffa's guilt-ridden activities to envelop them, as if they were still Mr. Hoffa's keeper.

In addition, a huge propaganda barrage by management has

sought to transmogrify the corruption issue into an invalidation of union leadership and union organization in general.

In conclusion, it is worth noting perhaps that President Kennedy himself dramatized the situation in discussing the other day the attitude of the steel companies in the 1962 steel negotiations and the price increase that failed. He explained the situation this way:

"The steel unions had accepted the most limited settlement that they had since the end of the Second War; they had accepted it three or four months ahead (of the contract termination); they did it, in part I think, because I said we could not afford another inflationary spiral. . . . Then when the last contract was signed, steel put up its price immediately. It seemed to me that the question of good faith was involved, and that if I had not attempted, after asking the unions to accept the non-inflationary settlement . . . to use my influence to have the companies hold their prices stable, I think the unions could have rightfully thought they had been misled. In my opinion, it would have endangered the whole bargaining between labor and management, would have made it impossible for us to exert any influence from the public point of view in the future on these great labor-management disputes which do affect the public interest."

Thus, after twenty-five years, the struggle for good faith bargaining in one shape or another, continues.

NEW PROBLEMS FOR COLLECTIVE BARGAINING

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The topic of this paper at this time of year gives me a rare opportunity to pass on a Christmas torment afflicted by my ten-year old: ". . . the snew lay all around. Snew, what's snew? Nothing. What's snew with you?"

It is a reflection of the revolutionary changes in our society that collective bargaining, which did not achieve any real degree of democratic freedom until the late 1930's, should already be considered a decrepit institution.

The obvious problems of unions—particularly industrial unions—are analyzed happily, and predictions of decay and death are handed out even by friendly critics without the sorrow normal to such occasions.

There is no question that collective bargaining is in a parlous state and the sweep of technology with its impact on the mix of the work force is undoubtedly the largest single factor in the malaise. But, is not the difficulty of collective bargaining a symptom of the major and developing maladjustment of our industrial society which displaces more and more people from the productive process in an aimless, shiftless way? Last Friday's *Wall Street Journal* made clear that unemployment differences between the United States and other industrial countries of the Free World are not simply a matter of planning and growth, but an efficient, if inhuman, use of human beings.

The first great difference, of course—too often ignored—is the great lag in the agricultural economies of other countries, thus soaking up much of available labor. Of tremendous importance, however, is the comparative efficiency of industrial technology. The *Journal* took two of our most complained about industries: iron and steel, and the railroads. In iron and steel, it reported 220 tons per steelworker in the U.S., compared to a high of 174 in West Germany, ranging down to 99 in Japan. An even sharper contrast appears in the railroad industry, that home of the industrial featherbedder, where in the U.S. there are 3.7 employees per railroad mile, compared to

a low of 14.6 in France and ranging up to 26.8 in West Germany and 29.2 in the United Kingdom.

This underscores the greatest new problem of collective bargaining: measures designed to permit the employment opportunities necessary to the political health of a democratic society. Unfortunately, this problem goes far beyond the simple processes of collective bargaining. The most tragic aspect of this part of the problem, the growing numbers of teen-age youths out of work and out of school, as well as the enlarging army of the industrially displaced by virtue of age or lack of training, does not have an immediate effect upon collective bargaining, although it is its most important problem.

As a matter of fact, the gravest danger to collective bargaining is that it may do more and more for less and less to its ultimate undoing. The automobile industry today is in its second boom year, but it is meeting much of its additional production through overtime hours of the existing force simply because it is cheaper to do so. The cost of pensions, insurance, vacations, holidays and SUB are all tied to the individual and not to the hour worked, which means that costs are reduced when overtime is worked by fewer individuals. Thus we have the callous spectacle of overtime and sharp unemployment existing side by side in America's booming automobile cities.

How does collective bargaining tackle this problem of work opportunity? It has, of course, been working at it—or rather chipping away at it—since World War II, with more paid holidays and longer vacations. On top of labor's agenda is the shortening of working time, not to ease the burden of work, but simply to make work available to all who need it. This is a joint task of collective bargaining and legislative action and is being greeted with all of the horrible consequences which earlier proposals attracted.

The industrial work force has always borne the brunt of the ups and downs of our economy. Today, it is feeling the lash of our advancing technology. Big industry in the United States in the post-war period has subverted not only collective bargaining but also the industrial white collar class at all levels, the two being actually a part of the same process. In his brilliant "Subversion of Collective Bargaining," Daniel Bell analyzed the first part of this a few years ago, showing how industry had utilized the fruits of collective bargaining to its own advantage. First comes the fight with the labor unions, yielding a result which is then passed on to the non-unionized, largely white collar work force, but substantially improved in the passing.

And then the whole, neatly molded together and used as the "necessity" for a price increase, or, equally important, for refusal to reduce prices in the last few years, as in the case of the automobile industry.

President Kennedy's action in thwarting the steel price increase threw a block into this neat practice and, curiously enough, may have served as a great help to future effective collective bargaining.

The automobile negotiations of 1961 laid squarely on the collective bargaining table the double standard of management treatment of unionized and non-unionized personnel. This "new" problem will be back in 1964, including the question of salary payment. Why should the non-unionized white collar force have better insurance coverage, better pensions, better vacations, better holiday protection, sick leave and essential tenure when it is denied to the main body of the work force? And, of the greatest importance, why should this white collar force be required to work only a basic 35 hour week when the mere suggestion of reducing the basic workweek below 40 hours for the factory group is a threat to the Republic?

The fight for the shortening of working time must be geared to the creation of *new* job opportunities and not simply to the protection of the existing work force. Schemes which depend on attrition may meet the problem in a particular establishment, but they do not meet it in society as a whole. This fight is meaningful only as it brings into the work force the growing army of young people and brings back the dispossessed. The crusading spirit which this will require may not be as dead as some may think.

The difficulty comes in harnessing the crusading spirit. The new problems are complex and social, rather than specific and industrial. One hears much of the crusading spirit of the 1930's, which has been somehow dissipated by the aging fat cats of the industrial labor movement. The fact is it was a very simple, if heroic, crusade. The sit-down strikes in rubber and auto were essentially revolts against the intolerable in-plant tyranny and for the simple end of union recognition. The miracle of Flint ended with the bullets of the 1937 Memorial Day Massacre in Chicago. The crusade of the 1930's quickly blended into the mechanisms of World War II collective bargaining. The fact is that the greatest achievements of industrial collective bargaining were accomplished in the years after the war: paid holidays in 1947; the first insurance agreements and pensions in 1949–50; SUB in 1955. In a society proceeding at the pace of the last years of

the First Industrial Revolution, these accomplishments may have endured for a generation.

In a society, however, which is beset by the social problems created by the revolutionary transformation of electronics and nucleonics, it may be that the techniques of the last generation may have become outmoded.

This may be behind the thinking of those who question the value of the arbitrament of the strike as the decider of collective bargaining questions. Here, however, there seems to be developing another kind of double standard. The strike to which exception is mostly taken is the one in which the particular union is able to exercise its strength effectively with consequent threat to the comfort of a greater or smaller number of the general citizenry. If the reforms which are proposed simply seek to dilute this power without affording a democratic substitute to allow the restoration of an equilibrium, then the subversion of collective bargaining will go on apace.

Why is there no concern with the fact that any independent employer who wishes to bear a degree of economic cost is free to break any strike he wishes? There are some simple rules he must watch out for, but having done so and failing to convince his own employees to return on his terms, he can then hire complete strangers and leave his own employees stranded and jobless.

Concern about the new problem of the undesirability of strikes should include all strikes. An economic conflict between an employer and his employees brings pressure upon both. But these pressures are unequal. The employer's loss is the loss of potential profits, with losses probably recoverable in future years. The employees' loss is all their income, except as it may be lessened by strike benefits, at best only a small portion of the normal wage. In theory, these pressures work to the point of bringing both sides to a reasonable solution. The right to bring in stranger replacements vitiates the theory. A democratic society should prohibit the introduction of class warfare into individual strikes by forbidding the introduction of strangers into a private dispute; along with this should go a mechanism for measuring from time to time the wishes of the contestants in a fair and equitable manner.

There should be no consideration of reforms in strike situations which broadly affect the economic life of the nation or in which the union power is supposedly paramount unless, at the same time, there is full consideration to the multiplicity of strike situations (both large

and small) in which the rules ensure the victory of the employer should he care to insist on it.

Finally, this brings me to the consideration of old problems in the new context. In-plant working conditions in many industries are still far from ideal. There was considerable mystification in 1961 when there was a General Motors strike despite settlement of national economic issues. Chief cause of the strike—or rather more than 100 separate local strikes—was in-plant conditions. *Time Magazine* referred to it contemptuously as the toilet strike. And that it was. The anomaly was that in 1961—24 years after 1937—UAW should be fighting for 24 minutes' personal relief time in the plants as a matter of right. Many were the editorials condemning this strike as a futility, written in all probability, as one observer put it, by men who had access when needed to a private bathroom. Another strong issue was that of supervisors, neglecting their own duties and stealing jobs from their men by doing their work. I am happy to say that both of these issues were largely resolved. But there are in the plants of America commonly accepted invasions of individual privacy which would not be tolerated in any other section of society. These matters, too, remain the problems of collective bargaining.

Collective bargaining, it is said, is a two-way street. For this to be true, it follows that collective bargaining must be accepted by both sides. And in the context of the grave new problems with which we are faced, this means acceptance by both sides of the new mechanisms demanded by the solutions needed.

If economic action in vital industries is not a private matter, then the process of solution determination is no private matter. The experimental use of third parties is a step towards finding a new way. At the very least, the presence of an experienced third party demands that logic shall clothe the opposing arguments, and this has, on occasion, produced an atmosphere of reason.

The gravest threat to handling the basic new problem of collective bargaining is lack of agreement on the facts or, rather, lack of the facts. The chief tool needed here is an acceptance of on-going study groups which can force a facing of the facts as a first step toward the solutions necessary to the health of the national community.

It may be that the on-sweep of technological change will pile up problems faster than solutions can be achieved and that not simply new techniques but new forms and new organizations will be needed. Be that as it may, our basic problem is a simple one: how to cope

with abundance. Society will ultimately find in itself the collective intelligence to solve that problem, although unnecessary mass misery may be endured in the process. Rational use of the process of collective bargaining can be instrumental in avoiding that mass misery.

PROSPECTS FOR FUTURE UNION GROWTH THE UNION LEADERSHIP FACTOR

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The root sources of union growth are to be found in the economy as a whole. But even if the economic circumstances are favorable the actual process of union growth depends in part on the quality of the union leadership performance.

Union leadership, this appraisal runs, will have to come to grips with at least three main issues: (1) internal union administration; (2) union "responsibility"; and (3) union organizing. The plan is to discuss each of these main issues and to suggest some of the alternative directions which the leadership response could take.

UNION ADMINISTRATION

A popular criticism is that the labor movement has lost the crusading spirit of a social movement. Much is said in union circles about the apathy of union members "who never had it so good;" and not having had to man the picket lines to achieve this state of affluence do not understand the meaning of a union. The need, it is said, is to recapture the spirit of the 1930's.

The 1930's did indeed experience a vast reshaping of the union scene. But the commitment which stirred the movement in the 1930's can be reinduced only synthetically in the 1960's, because the movement of the thirties is ***not*** the movement of the sixties.

The average union member has a clear conception of what the union means to him, and it can be put in a phrase: security from the absolute rule of management over wages, hours, and working conditions. His lack of "participation" in the routine activities of the union is not due to ignorance but to private concerns which he thinks are more important and a general feeling that his union is doing adequately. In crisis he sheds these private concerns and comes to the aid of the union.

There are gaps in the member's perception of the union even from the functional standpoint from which he views the union. The most serious gaps are: (1) the failure to perceive the union as something much more than the ***local*** union, and (2) an inadequate com-

prehension of the union's political function although he undoubtedly accepts it. The remedy which most union leaders think the situation calls for is exhortation—so they lecture their members in print and in person about their indifference, what a wonderful job they (the leaders, that is) are doing for them, and how politics are as important as bargaining. If exhortation had been the right remedy these problems would have been eliminated a long time ago; but they haven't, so exhortation is not the answer and the chances are that most exhortation hinders rather than helps.

I am not arguing here for the correctness of any special approach; only that there is more than union folk-wisdom and fellow-feeling involved—indispensable as they are—in running the modern union. This applies not only to the way the member feels about his union but to the whole range of union administration.

The American international union has necessarily become an enterprise, and enterprise unavoidably enforces its own administrative logic on the underlying situation. The effect of this logic is to minimize the reliability of intuition as the exclusive path to policy making. This import of the union as enterprise is well understood in union circles when it comes to using technical skills in law, insurance, accounting, etc.; that is, the skills necessary to comply with laws. But the use of objective professional skills in reaching creative policy conclusions in organizing, industry economics, internal union administration, and collective bargaining is for the overwhelming majority of unions alien territory.

The social sciences to be sure do not have an undisputed body of fact that will yield clear answers for unions. But research can achieve a wider angle of policy vision for union leadership. This does mean that control of the union must be turned over to professionals; it does mean that up-from-the-ranks union leadership must have the advantage of professional skills if it is to react to the altered industrial relations environment effectively. What is involved, in short, is the professionalization of their own skills and the wiser use of staff professionals.

UNION RESPONSIBILITY

The demand for "union responsibility" is nothing new in American industrial relations. In the earliest period union responsibility largely meant living up to agreements. Still later it meant concern with the employment effects of union policies. In the present period

there has been an enlargement of the economic area over which union policy is said to have adverse effects—from the firm to the national economy to the international economy; and moreover, the criticism is now coming from friends of the union movement and not only from the traditional critics, the employer and the general economist.

The common characteristic of the union responsibility theme in all periods is self-denial on the part of union leadership. The difference between then and now is due to the fact that unions are more important and the post-World War II economic boom has come to an end; some profess even to see a causal relationship here.

The elements of the pessimistic climate against which union responsibility is asserted are well known and need only be stated here: (1) inadequate economic growth, (2) imbalance in the balance of payments, (3) the "cold war," (4) the "profit" squeeze, (5) the manpower flexibility demanded by changing technology, and until recently (6) wage-push inflation. The source of the demand for union responsibility determines the emphasis which each of these elements gets. Business stresses the profit squeeze and its obverse, wage pressure on costs, and draws out the "featherbedding" implications of its need for flexibility in manpower utilization. The Kennedy Administration also is concerned with wages as costs but has emphasized growth, balance of payments, and cold war economics and pressures. The Eisenhower Administration and the economics profession have focused mostly on the inflationary consequences of union wage policy.

For the first time in a period of non-war the union responsibility issue is being raised by friends of the union and not alone by the standard critics. Moreover, specific solutions are being propounded. As the labor movement's friends formulate the challenge to union responsibility it might be put as then-Secretary of Labor Goldberg did:

> ". . . labor organizations, in formulating their wage and price policies and other policies, must now look beyond the counsel of their tradition and out into the broad fields of modern economic realities, both at home and abroad. A union has existed for the benefit of its members, and still must do so—but the policies to achieve that end must include both long-range and the immediate welfare. It may be fine to save a job but it may not be so fine if the precedent of that action endangers many other jobs over a period of time. . . .

> "The issues in labor-management affairs are far too complex, far too potent, and far too influential on the rest of society to be resolved on the old testing grounds of force and power. . . ." [1]

And instead of "the old testing grounds of force and power," Professor George W. Taylor urges "a substitution of analytical processes . . . if constructive decisions are to be evolved." [2]

The Kennedy Administration has intensified the challenge to union responsibility in several unprecedented ways. First, it has established "guidelines" [3] which, with all the hedging of the Council of Economic Advisers, represent the most explicit official definition of union responsibility which we have ever had, short of the case-by-case regulation of a government agency in wartime. Second, the Kennedy Administration has been extraordinarily ingenious and persistent in substituting for the trials by ordeal and strikes Dr. Taylor's "analytical processes" through a variety of third party devices. Third, and most importantly, unlike many others who have charged the unions with responsibility, the Kennedy Administration has assumed a responsibility on *its* part to encourage a climate in which responsible collective bargaining can flourish, including extension of unemployment compensation benefits, depressed area legislation, and retraining programs.[4] Now, in all of this, the words indicate a management responsibility as well, but it is generally understood that the burden is primarily on the unions since they are in the posture of initiators.

The pressure of the times increasingly demands from union leadership a reflective judgment as to union responsibility. Hence, at this point I undertake to set out in summary form a sort of check-list of the grounds—favorable and unfavorable—on which a union position may conceivably rest.

First, the grounds which appear to argue against the idea of union responsibility as conventionally formulated:

(1) There are equally valid but potentially conflicting union re-

[1] Arthur J. Goldberg, Address before the National Academy of Arbitrators, Pittsburgh, Pennsylvania, January 26, 1962 (U. S. Department of Labor Release, USDL—5015, January 27, 1962), p. 10–11.

[2] George W. Taylor, "Collective Bargaining," in *Automation and Technological Change*, John T. Dunlop, ed. (Englewood Cliffs, N. J.: Prentice-Hall, Inc., 1962), The American Assembly, Columbia University, p. 87.

[3] Economic Report of the President, January 1962, p. 185 ff.

[4] Arthur J. Goldberg, Address before the Retail, Wholesale and Department Store Union, May 14, 1962 (U. S. Department of Labor Release 5208).

sponsibilities: (a) the most frequent formulation—union responsibility to the public interest; (b) union responsibility for the profitability of the enterprise; and (c) hardly ever formulated but critical to the union for its survival as an institution, the union's responsibility to its members. The explicit or implied view is that this last short-run, business unionism, outlook of union leadership is likely to be at odds with its other responsibilities because it stresses *immediate* improvement to the exclusion of the "larger" view presumably expressed in (a) and (b).

(2) The content of union responsibility has been defined only in the vaguest terms. In this respect, however, the Kennedy Council of Economic Advisers, in contrast to previous CEA's, has moved from general admonition to admonition by guidelines.

(3) There is no conclusive relationship which economists will agree on between wage responsibility and general inflation. "The tragic fact is . . . that we have very little empirical foundations for our generalizations about the complicated interdependence of wages, productivity, profits and level of employment." [5]

(4) The exercise of union responsibility in this context collides with other values in industrial relations, such as dispersion of bargaining power and the enlargement of union democracy. Union responsibility sets forces in motion in a contrary direction, toward centralized bargaining and weakening of local union influence.

(5) As a practical matter, a viable democracy cannot demand responsibilities unless it can come forth with corresponding rights. If you accept the social role of the union as an institution and therefore union leadership, you cannot ask the union leader "to donate his interests . . . to a vague 'social good' " [6] without giving him some protection. (If you don't accept the role of the union it hardly seems relevant to ask it to be responsible.) In specific, this means that if you ask the union leader not to use economic power to reduce hours as a means of combatting unemployment he has a right to ask you to provide some other effective measures of combatting unemployment—and we have not substantially ameliorated unemployment.

(6) Is it wise to expect the implementation of a critical public interest by "unguided, uncoordinated consciences of the chance leaders

[5] Erik Lundberg, quoted in William Gomberg, "The Future of Collective Bargaining," *The Nation*, January 20, 1962, p. 57.

[6] B. W. Lewis in Economic Report of the President, *Hearings*, Joint Economic Committee, U. S. Congress, January 1962, pp. 377–378.

of the economic blocs?"[7] If we want to achieve a necessary *public* policy shouldn't this be achieved through *public* instrumentalities?

(7) Insofar as union responsibility is urged on grounds of curbing inflation isn't this the wrong battle? The issue now is not inflation but unemployment and underutilization of manpower.

What are the signs that favor union responsibility?

(1) Admittedly the economic answers are less than perfect. We cannot know for sure all of the facts relating to "the complicated interdependence of wages, productivity, profits and level of employment." The real question is not whether we have the last word, but do we have reasonable grounds. And certainly the Kennedy Administration can say that it does not start out with a predisposition against unions, so that its approach to union responsibility is not a piece of anti-union ideology.

(2) In a very real sense the "coercive evidence" in the form of plant shutdowns and relocation, automation displacements, and an almost continuous unemployment recession since 1957 is forcing the unions to be responsible. The coercive evidence has been an ever living presence for some unions (textiles, clothing); so much so that they almost know no other way of economic life. In particular bargaining situations, wage cuts and modification of work practices to favor management interests are frequent occurrences where the alternatives that the workers see are shut-down and plant removal.

There has been a tendency for the broad band of union leadership to face up to the possibility of self-denial at some removes short of disaster, and to do it on some planned, preconceived basis. What is arresting about this tendency is that it involves unions that cannot be considered "soft," or classic models of "labor statesmanship." For example: the West Coast longshore mechanization agreement; the fact finding experiment of Armour Automation Committee with the meat-packing unions; the third-party devices in the steel industry to remove "certain problems from the crisis collective bargaining arena;"[8] the overtures of the Screen Actors Guild: suspension of wage increases for the next contract "to bring movie production back to Hollywood."

Union responsibility in the sense of the self-denying use of power is permeating the current strategy of the American unions as they

[7] *Ibid.*
[8] George W. Taylor, *op. cit.*, p. 101.

respond to technological change. Outright obstruction is rare. In its place the unions and managements have worked out a series of accommodations in which the attrition effects work themselves out gradually.

The idea that unions and management can fruitfully explore the longer-run implications of their relationship on a "paracollective-bargaining" basis has long been a staple of Walter Reuther's philosophy. But the automobile managements rear back on every occasion that Reuther engages in a probing action on this issue; largely, one gathers, because the industry sees in these statements a variation on the "look at the books" theme. Soon after he succeeded Philip Murray as Steel Worker president, Mr. David J. McDonald enunciated a doctrine of "mutual trusteeship" which did not get beyond a series of joint plant visits by Mr. McDonald and Mr. Benjamin Fairless, Chairman of the U. S. Steel board.

(3) Union responsibility today is rooted in firmer soil than in the past. One of the ancestors of union responsibility is the classic "capital-labor cooperation" and "union-management cooperation." In both cases the weight of power for the establishment of such a scheme was on management side. It represented—whether the initiative came from management or the unions—an institutionalization of the union as an inferior partner in the determination of the employment relationship. The union became in these schemes a sort of administrative arm of management's personnel policy to lower unit production costs. Today union responsibility is founded in the first instance on the collective bargaining power of the union and not on the beneficence of the employer or on the self-acknowledged inferiority of the union. If union acquiescence in union responsibility does not arise from inferiority, it does in this period arise from a weakened bargaining posture.

(4) The Kennedy Administration limits its union responsibility appeal. It goes beyond a simple admonition but stops short of systematic regulation. As the Council of Economic Advisers puts it, the objective is the creation of "an *atmosphere* [my emphasis] in which the parties to such decisions will exercise their powers responsibly." [9] This seems to be closer to psychology, as part of the "weaponry" of the cold war perhaps, than to economics.

(5) If the Kennedy policy is viewed for what it is, there are

[9] Economic Report of the President, *op. cit.*, p. 185.

grounds for believing that it has worked; that the unions have indeed, with steel as the archetypal example, held back on the full exercise of power, that unions have been impelled to exercise restraint.

(6) Unlike other counsels of restraint, the Kennedy policy has recognized some *public* responsibility—not always effectuated, to be sure—by seeking to improve unemployment compensation, by developing programs to deal with automation displacement and retraining, and with depressed areas.

THE ISSUE OF ORGANIZING

The no-union vote measured by NLRB representation elections or by valid votes cast has been higher within the last four years than it has ever been; or conversely the union vote is lower than it has ever been.[10] This may mean in part that those firms that are still unorganized are harder to organize and therefore the lower union batting average. However discounted, the record is not good.

Despite optimistic omens in particular situations the union attitude toward organizing generally is one of pessimism and the themes which recur in this pessimistic outlook may be summarized thus: (1) the lack of a genuine union will to organize—the possibility that Perlman's observation in the 1920's, "the psychology of a big majority of leaders today [is] a curious blending of defeatism with complacency," [11] is true for the 1950's and 1960's; (2) systematic antiunion militancy by management abetted by the "free speech" provisions of the Taft-Hartley law; (3) the management technique of providing the economic equivalent of unionism; (4) the difficulty in organizing small companies; (5) the indifference of the white collar worker; (6) inter-union rivalry.

There have been some scattered union attempts to be thoughtful about the organizing problem. Most of the self-questioning has been directed at the unions' performance in the white-collar and professional field. Does the feeling of separateness of the white-collar worker require special structural forms characterized by clear identification of the white-collar and professional character of the organizations? On the same count do the traditional union objections to

[10] A convenient summary table can be found in "Collective Bargaining and the American Economy," *Saturday Review of Literature,* January 13, 1962, p. 30.

[11] Selig Perlman, *A Theory of the Labor Movement* (New York: Macmillan, 1928), p. 232.

merit rating and other individualistic work standards need to be reviewed?

The white-collar experience is causing some to reexamine traditional organizing appeals not only in relation to white-collar workers but in relation to unorganized workers generally. Are the appeals which worked in the evangelical days of unionism—the appeal to the "empty stomach" and the attacks on profit-greedy employers—still effective in the "affluent" society, particularly since management is making an all-out effort to be loved by its employees and thus keep the union out? Does the long-run educational campaign have to replace the classic "blitz" campaign which is still the dominant image of the organizing process?

Still other questions are being asked about organizing techniques: has the day of the "outside" union organizer passed? Union executives responsible for organizing strategy are wondering whether an organizing campaign can succeed unless it is manned and carried through by authentic "insiders." There have been experiences in which the affiliated union has been able to win over to its side the leaders of the "independent" union, only to find that the leaders were deserted by their followers in the subsequent NLRB election.

Some are questioning the anti-business tone of union propaganda. Is its net effect to alienate new union recruits, who generally think their employer as more powerful than the union? Some unions have even gone so far as to use a formal survey technique to gauge the impact of propaganda on their prospects.

There has been an enormous output of union organizing manuals and organizing literature. Administratively, some unions have centralized organizing responsibility in a particular department and, as we have noted, the idea of "coordinated organizing" is frequently discussed. In a few instances preliminary starts have been made.

* * *

It *is* just possible that the failure to sustain new organizing at this juncture is not due to any defect in technique or conception at all; simply that the objective circumstances are proof against any effort. If the organizing issue is to be confronted candidly the unions will have to address themselves to these problems, among others: (1) Organizing in the field is a young man's job. How do you get and train young men (and, very importantly, women) to subject themselves to the brutal regimen of the organizer, under the best

of circumstances? (2) A continuing organizing effort requires a major long-run capital investment before—if ever—the investment is recaptured. (3) Organizing as a function calls for skilled direction, systematic training of the organizing manpower, and the use of survey techniques.

In the past union leadership could function from a sense of outrage against injustice and be supported by a sympathetic Federal administration and by a sympathetic intellectual middle class. This situation was coupled with an optimistic assessment of the economy's ability to produce the essential improvements in the worker's situation.

The temper of the times has changed; the union is no longer regarded as underdog and so its excesses are not forgiven as readily. The economic atmosphere is pessimistic or at best uneven. The net effect is that outrage as the dominant mood of the union thrust must, I believe, be modified now to include analysis and reflection—and this is never an easy transition to make especially for an organization that thinks of itself as a fighting organization.

What is a source of strength for one leadership purpose can become a source of weakness for another purpose. The union leader's stress on realistic and practical outcomes which has produced significant improvements in the worker's condition has, I think, weakened the union leader's capacity to generalize and reflect in any competent way at more than one remove from his immediate situation. With few exceptions he has difficulty finding a middle ground between self-serving congratulations or indignation on the one extreme and ponderous banalities on the other. Union leadership has almost no intellectually organized insight as to what it is doing and why. Nor is this regarded as a problem by union leaders.

I hope that this is not an anguished cry from an intellectual to labor leaders—why can't labor leaders be more like intellectuals—nor is this a plea for a union ideology or mystique. What *is* involved here first is a capacity for generalized and reflective thinking which is needed to assess the course of union policy in the new shape of industrial relations events and to give perspective and direction to the membership. Secondly, to an unprecedented degree the purposes of trade unionism have to be made intelligible to a series of disinterested publics (not altogether excluding union members) who, in general, accept but do not understand the function of unionism. Union leadership must take on this task of interpreting unionism

from direct experience rather than leaving the field almost exclusively to the union-sympathetic or union-employed intellectual.

The inability of the union leader to move from outrage to analysis is not altogether—nor even in the largest part—due to an internal demon of his own making. The fact is, I believe, that except for a few sporting examples the management community has never publicly acknowledged the existence of the union in a constructive context, even where the relationship in fact has been constructive.

The public generally accepts the function of the union but it is a grudging, complaining acceptance. The sad thing about the criticism of the union in the community is not that criticism exists, but the poverty of the criticism. There is an underlying middle-class snobbishness in the public view of the union's place in the society that feeds the union outrage reaction. One day we will talk not only about the *union's responsibility to the public* but also about the *public's responsibility to the union,* as an indispensable adjunct of our free society.[12]

[12] Some of the thoughts in this paper are treated in more detail in other things I have written. See: "Union Response to the 'Hard Line'," *Industrial Relat ons,* University of California, October 1961; "Leadership Within the Union," *Cha lenges to Labor Educat on in the 60's,* National Institute of Labor Education, Washington, D. C.; *Labor's Grass Roots* (New York: Harper's, 1961) Ch. 10, 11; "The Impact of Technology on Labor-Management Relations," in the forthcoming IRRA volume, *Adjustments to Technological Change.*

Part VII

IMPLICATIONS OF THE REPORT ON PUBLIC INTEREST IN NATIONAL LABOR POLICY

NEW LABOR RELATIONS POLICIES AND REMEDIES SUGGESTED BY DIFFERENT INDUSTRIAL SETTINGS

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The National Labor Relations Act and its administration have made great contributions to the promotion of employee organization and collective bargaining in the United States. After thirty years it is appropriate to review the adequacy of the policies, remedies and procedures for promoting the purposes of the Act. There are vast areas in which employees have not organized; stable systems of collective bargaining have not arisen in others; and the remedies have proven insufficient in some sectors to protect employees or to safeguard collective bargaining. Some remedies have in fact frustrated the very purpose of promoting organization and collective bargaining. Recent Congressional hearings have pointed up many procedural difficulties.

The current paper dwells on two major areas in the administration of the NLRA which are, of course, only a selection from among many which may be considered. It is our purpose to consider the adequacy of present policies and remedies for the promotion of the free choice of bargaining representatives and collective bargaining and to outline remedies for what are considered to be failings in policy and procedure.

Our fundamental assumption is that it remains the nation's policy to protect "by law the right of employees to organize and bargain collectively . . . (and thereby to restore) the equality of bargaining power between employers and employees." Individual advantage or choice must be subordinated to and be part of the collective result.

A short statement will also be made on two areas needing fuller study if the freedom to organize and bargain collectively are to be promoted in the United States.

The NLRB can, no doubt, do much to correct these deficiencies through its decisions, but it may, in the last analysis, have to ask for amendments to the Act to achieve the final changes needed to protect employees in their right to organize and bargain collectively.

PRIOR ADJUSTMENTS TO VARIED INDUSTRIAL SETTINGS

Special agencies, policies, procedures and laws have in the past been developed in the field of industrial relations to meet the problem of distinctive industrial settings. The most outstanding, of course, is the Railway Labor Act, which governs the industrial relations system on the railroads and airlines. In recent years management in the maritime industry has called for similar special legislation. Others have proposed boards for specific industries and such agencies operated for short periods under the NRA.

The National Labor Relations Act, of course, has distinguished between industries and groups of employees covered by the Act and those which have been left unprotected. The Board is now permitted by statute to refuse jurisdiction of smaller employers on grounds that industrial disputes are not likely to burden or obstruct or substantially affect interstate commerce. The Act also excludes specifically employees of governmental organizations, non-profit hospitals, agricultural laborers, domestics, foremen and supervisors and independent contractors who do not employ any persons.

The Act makes adjustments for some industrial differences. Special provisions for union security and agreements in the building and construction industry recognize the special needs created by the transitory character of employment in the industry. It is given special limited exemptions from the prohibitions against entering into hot cargo agreements for contracting on a job site. As a matter of Board policy it has conducted few elections or approved violations of section 8a (5), refusal to bargain. Similarly the garment industry was granted specially designed exemptions for its special type of contracting. Both legislative exemptions were made in a law which was not pro-union in its orientation.

Special provisions control the method of representation of professional employees; they may not be embraced within another bargaining unit without their specific consent. Guards and watchmen must be represented by separate organizations.

The need for more far reaching administrative adaptations of the Act to the industrial differences has been emphasized by Archibald Cox. He has argued that since the legal system places limits on permissible classifications the administrators should make the maximum number of distinctions permitted by realistic application of the law.[1]

[1] Archibald Cox, *Law and the National Labor Policy*, University of California, Los Angeles. Institute of Industrial Relations, Los Angeles, 1960, pp. 20–22, 45–47.

This point of view received its most dramatic support in the Supreme Court reversal of the Mountain Pacific doctrine. The Court's decision spelt the demise of the per se doctrine as applied to the hiring hall and opened the way for the ad hoc, case by case approach to problems taken by the current NLRB.[2]

Decisions now follow a realistic flexible rather than a rigid or automatic path. In the words of NLRB Chairman Frank McCulloch, "the current application of our decisions reflects an attitude responsive and sympathetic to the dynamic and atomistic processes of our industrial growth."

Most representative of the new trend of decisions is the distinction made in two recent cases involving the use of race hatred, literature and speeches. The NLRB upheld the employer's use of the race-hatred issue in one case[3] but it set an election aside in the second because the employer's "deliberate sustained appeal to racial prejudice . . . created conditions which made it impossible (to make) a reasoned choice of a bargaining agent."[4] A close reading of the facts in these cases suggests that the NLRB drew this distinction because it sought to differentiate between the tense environment in northwest Georgia and the allegedly more relaxed atmosphere in Virginia.

INDUSTRIES IN ECONOMICALLY UNDERDEVELOPED AREAS

As a nation we have accepted the conclusion that special techniques and approaches are needed to stimulate economic growth in underdeveloped countries. The passage of Area Redevelopment Act brought this same lesson home with respect to domestic depressed and underdeveloped areas. A similar judgment should govern the promotion of mature industrial relations systems in domestic underdeveloped areas.

Union organization and collective bargaining in these areas require special protection beyond the provisions and considerations extended to workers in the developed areas. The absence of special programs explains in part the delay in the development of unionism in these regions.

The southeastern states represent such an underdeveloped region within the United States. The older paternalistic industrial relations

[2] Teamsters Local 357 IBTCWHA v. NLRB, 365 U. S. 667.
[3] Allen Morrison Sign Co. and TWUA 138 NLRB No. 11.
[4] Sewell Mfg. Co. and ACWA 138 NLRB No. 12.

patterns still predominate in the traditional local industries usually located in rural areas which include textiles, apparel, lumber, furniture and food processing.[5] Despite the operation of the NLRB for almost thirty years union organization is still weak in the region. Professor Leo Troy places the percentage of union organization of Southern non-agricultural employment in 1953 as 17.1 percent as compared with a national average of 32.6 percent.[6] The lowest current regional rate of union organization is in the South; it is estimated by the AFL-CIO as 23 percent of non-farm and non-supervisory workers as compared with a national average of 39 percent. Southern unions have been less able to keep abreast of the growth of non-agricultural employment than unions in other areas.[7]

Workers in southern manufacturing establishments in which a majority of production workers were under labor management agreement in 1958 constituted 46.1 percent of all such workers as compared with a national average of 66.6 percent.[8] A similar 1960–1961 survey for large and medium sized establishments in metropolitan areas reports the percentages for the South to be 48 for plant workers and 14 for office workers as compared with national averages of 73 and 17 percents respectively.[9] The experience in more recent years has not improved the state of union organization.

Many reasons can be assigned for the continuing slow progress of union organization in the region. Basically, the traditional manu-

[5] Stephen L. MacDonald, "On the South's Recent Economic Development." The Southern Economic Journal, v. 28, No. 1, (July 1961), pp. 30–40; Ray Marshall—"Some Factors Influencing Growth of Unions in the South." IRRA Annual Proceedings (Dec. 28–29, 1960), pp. 166–182; 209–212.
H. E. Steele, W. R. Myles and S. C. McIntyre. "Unionism and Personnel Practices in the Southeast." Industrial and Labor Relations Review. v. 8, No. 2, (Jan. 1955), pp. 241–251.

[6] Leo Troy, "Growth of Union Membership in the South, 1939–1953" Southern Economic Journal, v. XXIV, No. 4, April 1958, p. 413.

[7] The percentage of the increment of employment certified through NLRB elections in the South for the period 1948–1956 was only 14.7 percent as compared with a national average of 22.7. Unions won 54.4 percent of the elections as compared with a national average of 60.5 percent. (John Wallace Leonard, "Industrial, Regional and County patterns of Union Organization in the Post-World War period. A Test of Generalization." Ph.D. thesis, Cornell University, 1958). Ratio of union victories in the Southern hotel industry was 38 percent, in period from August 1959 to February 1961 as compared with national ratio of 62 percent. (John P. Henderson, "Collective Bargaining Elections and the Hotel Industry." Labor Law Journal, v. 13, No. 8 (August 1962), pp. 658–674).

[8] H. M. Douty, "Collective Bargaining Coverage in Factory Employment, 1958." Monthly Labor Review, v. 83, No. 4 (April 1960), p. 347.

[9] Toivo P. Kanninen, "Coverage of Union Contracts in Metropolitan Areas." Monthly Labor Review, v. 85, No. 7 (July 1962), p. 748.

facturing industries are not prepared for unionism, and agriculture still dominates its economy. The people are individualistically oriented and have been reared in agricultural rural societies with little experience with participation in social or collective organization. They have lived in small towns, usually isolated and culturally unrelated to metropolitan areas. Despite modern forms of communication they have little personal knowledge of the forms or methods of self-organization and the potential gains to be obtained from workers' unions. Their aspirations have been stunted by lack of economic opportunity. Individual initiative has been thwarted by a repressive folk society and the matriarchal family structures which have stressed security. The more daring have migrated. Those who have remained behind know of their limited alternatives and have acquiesced to the local pressures from the family, church, community and employers. Avid for employment, people have sought jobs even at wage levels no higher than the minimum prescribed by federal law. Fearful of competition from Negroes occupying a lower social stratum, the white working population has fallen easy prey to agitation on race issues.

The middle class in these small isolated communities is small and dependent upon the dominant economic interests. It is persuaded that economic growth will occur only by giving out-of-region enterprises tax exemptions, protection against unionism and docile labor at low wages.[10]

Employers have been ready to exploit these conditions to discourage and prevent unionism from taking root and growing in this region. They have succeeded in having southern states adopt right-to-work laws which have held back union organization and prevented the signing of union shop agreements.[11]

A study of all 76 Southern unfair labor practice cases for 65 companies[12] in traditional Southern industries decided by the NLRB between 1957 and 1962 reinforces the descriptions by union spokesmen of the coercive practices pursued by employers in this area to

[10] Solomon Barkin, "The Personality Profile of Southern Textile Workers." Labor Law Journal, v. 11, No. 6 (June 1960), pp. 457–472; "Southern View of Unions"—Labor Today (Fall 1962), pp. 31–36.

[11] Solomon Barkin, *"The Decline of the Trade Union Movement and What Can Be Done About It."* Center for the Study of Democratic Institutions 1961, Santa Barbara, California, pp. 30–32.

[12] These include thirty in the textile and hosiery industry, eighteen in the apparel industry, ten in lumber and furniture, six in food processing, five in the stone and glass industries and seven in other industries.

discourage union organization.[13] The employers' disdain for NLRB penalties is revealed by the willingness of some to repeat unfair labor practices. Among these 65 companies seven had two cases filed against them during this period and two companies had three cases. Five companies had had other unfair labor practice charges filed against them in the previous ten years.

Employer coercion is revealed in many ways. The freedoms of speech and assembly are practically non-existent in most small towns dominated by individual employers who can persuade the local authorities to deny the union access to schools, churches, public meeting halls, radio and television stations and newspapers. Union representatives cannot easily pass out literature to workers entering company parking areas. Being scattered over wide areas, the workers often remain inaccessible to union men except in the shop where the company effectively prohibits communication even on non-working time.[14]

The employer continues to propagandize his position through letters, newspapers, rumors, foremen speeches, personal interviews and captive audiences. In twenty of the seventy-six cases the charges cited these acts as evidence of unfair labor practices. These talks and communications play on all of the workers' fears and prejudices.

In thirty-six of the seventy-six cases employers used threats of plant closing to discourage unionization. The panic which overtakes employees faced by this threat leads them, as in one case to sign petitions cancelling their signatures and declaring, "We, the undersigned want to keep our shirt factory. We need the work bad. If this factory leaves we will never get another one. We do not want a union." [15]

Labor Board findings report that discharges and layoffs are a common penalty for union support. In one case employees were warned that not only would the employee lose his job in the plant but the management would also prevent him from getting any other job

[13] Solomon Barkin, *op. cit.*, p. 75, footnote 3. Also address by Granville M. Alley, Jr., on April 19, 1960 before the Underwear Institute, entitled, "Ten Specific Steps Proposed to Block Mill Unionization," in America's Textile Reporter, May 19, 1960, pp. 75–80; Georgia State Chamber of Commerce, "Preventive Medicine. A Prescription for Management to Use in Treating Unionitis. A Condensation of Proven Techniques and Counsel."

[14] Solomon Barkin, "Organization of the Unorganized," IRRA Annual Proceedings. Cleveland, (December 1956), pp. 232–237.

[15] Altamont Shirt Corp. vs. UMW District 50, 131 NLRB 116.

in the community.[16] Race hatred and gossip literature are spread to arouse the employees' fears of unions being supporters and abettors of integration.[17]

Surveillance of union organizers and adherents is common. The informers are recruited from among supervisors and employees by threats and offers of rewards, such as raises and Christmas bonuses. Where, in one case, the employee reported little information, he was reprimanded for his failure.[18]

The NLRB set aside the election at the James Lees and Co. plant at Glasgow, Va. because it found that community-wide fears of the shutting down of the plant "interfered with the free choice of ballot." Besides the employer's pressure and activities there were anti-union editorials in the local newspapers, radio announcements, retail shop owners' warnings against the union and banks withholding of loans to indicate that a union victory would be a threat to the person's credit. All conspired to prevent a union victory.[19]

During the preparation of this paper the TWUA faced the opposition of organized business and community organizations in its campaign to unionize the employees of the Dixie Belle plant of Bell Industries of Calhoun, Ga. The Chamber of Commerce, to which the above company belonged, the Gordon County Bar Association, the Dalton (Georgia) Boosters, a businessman's organization for the community in which a sister plant was located, all campaigned vigorously to persuade the workers to vote against the union. Only the countermove of local resident unionists who threatened to boycott local retailers softened community pressure and persuaded a local VFW chapter to remain neutral. The Editor Emeritus of a local newspaper differed with its editorial policy and devoted his regular signed weekly column to urging respect for the workers' right to join unions. The union victory, a rare event in the Southern textile industry, reflected the importance of this public support for workers' desire for unions.

Mill closings or transfers of operations have been used in the textile and apparel industries to thwart unionism. The most dramatic current case involved the Darlington Manufacturing Company owned

[16] Carolina Mirror Co. and UGCW 123 NLRB 1712.
[17] Sharnay Hosiery Mills 120 NLRB 750.
[18] Carolina Mirror Co. and UGCW 123 NLRB 1712.
[19] James Lees and Sons Co. and TWUA 130 NLRB 42.

by the Deering Milliken interests which closed this mill and shifted production to other mills of this organization.[20]

Employers have resorted to violence and physical assault to discourage union activity. The employees themselves have been the most frequent perpetrators of these acts.[21] Outsiders have been called in other cases. But management could in many cases be tied in directly with instigating the assault.

Employees have been discharged and penalized in other ways for their support of unions. Reinstatement has been ordered in some cases, but it has become increasingly difficult to establish a direct tie between the discharge and union activity as employers' attorneys have gained more sophistication in advising their clients. The built-in two year delays in effecting the reinstatement of such employers robbed the remedy of much of its value, particularly as many employees gain jobs in other plants and never return to claim their old ones.

Despite the hundreds of orders issued against Southern employers enjoining them from committing unfair labor practices, the coercive practices continue. The Southern regional staffs of the NLRB were not vigorous in their investigations and processing of these cases. The present Board has effected some change in the climate pervading the regional organizations but the progress has been slow. The Board's more frequent use of 10 (j) injunctions against employers may inhibit the chronic violators and discourage coercion.[22]

But more positive specific steps must be taken to update the industrial relations situations in the South. First, the Aiello Dairy doctrine must be repealed.[23] It denied unions which had lost an election the right to seek recognition as a bargaining agent on charges that the employer's unfair labor practices before such election had destroyed its majority. In the words of Board member Peterson's dissent, "the employer's challenge of the union's majority was made in bad faith," and "the union's use of an election should not stop it from pursuing this charge of the company's refusal to bargain."

With the removal of this barrier broader use could be made of

[20] Darlington Mfg. Co., Roger Milliken, Deering, Milliken & Co. Inc., 139 NLRB No. 23.

[21] Altamont Shirt Corp., and UMW Distr. 50, 131 NLRB 112, Dan River Mills Inc., and UTWA 121 NLRB 645; Limestone Mfg. Co. and TWUA 117 NLRB 1689; Martel Mills Corp., and UTWA 118 NLRB 618.

[22] Johnston vs. Wellington Mfg. 49 LRRM 2536.

[23] 110 NLRB 1365.

the Joy Silk Mills doctrine.[24] The union's right to be designated as bargaining agent could be affirmed by the NLRB where its majority has been destroyed by the employer's coercive activities. This policy though still operative has recently been infrequently used because of the Aiello Dairy doctrine.

In multi-plant organizations, which are becoming more significant, another remedy has been pointed up by the decisions in the Darlington Mfg. Co.[25] and the New England Web Inc. cases.[26] (The reversal of this decision by a Circuit Court was not related to this issue.) The owner's responsibility is considered by these decisions to extend to all company divisions so that the remedy for a plant closing could be found by ordering the reinstatement of employees in other operating units.

In the Darlington Manufacturing case, the company, in addition to reinstating employees is required to pay traveling and moving expenses to other mills and offer jobs without "prejudice to their seniority rights and privileges." The union is the designated bargaining agent "on means of operating the preferential hiring lists and on terms and conditions of employment for former Darlington employees, at other of the corporation's mills, if the employees elect to take jobs there." In the New England Web case, the most significant one in this field, the union is granted exclusive bargaining representative rights for the reinstated employees on all matters while the employees continue in the hire of associated companies. This decision provides continuing representation for the employee.

Realistic decisions of this type are necessary to protect workers seeking organization in this repressive environment. The preceding two decisions extended the union's right to represent employees to other plants of the same company. Similar rights should be granted to represent employees in continuing plants. The payments of lost wages and reinstatement on the job are not sufficient to protect a worker. Discrimination will often continue in subtle form; the union must therefore be ever available in the plant to the employee to present this grievance and secure redress for unfair labor practices.

As relates to chronic Southern violators of the Act, the NLRB may now call for 10 (j) injunctions to discourage further discrimination and punitive action. Broad form orders against employers such

[24] 85 NLRB 1263 and 341 U. S. 914.
[25] 139 NLRB No. 23.
[26] 135 NLRB No. 10.

as are used against unions would open employers to the liabilities of being enjoined for unfair labor practices committed not only against one worker or union but against all workers or unions.[27] Penalties can then be immediately imposed for specific violations.

An additional remedy needed against chronic violators in the traditional Southern industries where it is necessary to educate the employees in the process of self-organization and union representation is for unions to be protected in their rights to represent and bargain for their own members, even where their members do not constitute a majority of the employees in the unit.

The legal base for this course of action is provided in section 10 (c) of the NLRA which directs the NLRB to "take such affirmative action, including reinstatement of employees with or without back pay, as will effectuate the policies of this Act." The specific remedy to reinstate employees is illustrative rather than exhaustive. Therefore, the NLRB is required to develop additional remedies. Where an employer has illegally prevented a union from obtaining a majority, it may order the employer to bargain for members only. It would be only a step beyond the order issued in the New England Web case. It would be on par with the NLRB's order in the case of the operating engineers in which it retains supervision of the operation of the union hiring hall to insure fair placement of employees. The effect of the employer's unfair labor practices would thereby be dissipated and the employees would gain intimate knowledge of the benefits of union representation and collective bargaining. Employers would also begin to realize that the penalty for unfair labor practices would no longer simply be the payment of a fine but also the continuing presence of a union. The increased price and the evidence that escape from unionization and collective bargaining was unlikely would facilitate the ultimate accommodation of employers to the national policy favoring union organization and collective bargaining.

INDUSTRY UNITS FOR LOCAL SERVICE INDUSTRIES

Another area of industrial relations policy which requires considerable reevaluation is centered in local market oriented industries characterized by the predominance of highly competitive small employer units. In these industries unions tend to favor employer association bargaining to facilitate negotiations, insure uniformity of

[27] Local 825 IUOE and Nichols Electric Co. 138 NLRB No. 65.

terms acceptable to a broad group of employers and obtain employer support for the enforcement of the terms of an agreement. These industries include such activities as construction, trucking and distribution, retailing, hotel and restaurant operation and customer service-type manufacturing such as printing and upholstery.

The union's efforts to organize the small units present it with special problems. The cost of mounting such organizational programs on a unit basis is large. Moreover, the close ties of employees with their employers, low wages and the feelings of insecurity often make them less prone than employees of larger establishments to respond to appeals for union membership and less capable of resisting employer pressure.

Moreover the high turnover of enterprises in such industries makes the maintenance of the union's strength and its bargaining position an ever present concern. The continued existence of a significant non-union sector threatens labor standards and the competitive survival of the unionized employing units.

To assure full coverage of competitors in an area, unions have heretofore sought methods for extending their control. Because the NLRA has based certification on an employer unit, unions have resorted to organizational picketing and secondary boycotts particularly since the Supreme Court in the early forties sanctioned broader use of them by unions. A study of one hundred secondary boycott cases adjudicated by the NLRB from 1947 to 1959 discloses that 42 cases arose primarily because unions used them as tools for achieving new organization and 18 cases reflected their use for securing a union or closed shop. Three-quarters of these cases involved the Teamsters and Building Trades Unions. "Most of the Teamster's cases involved organizational disputes whereas the building trades boycotts were predominately either organizational disputes or controversies over the union or closed shop." [28]

A study by the author of every third case decided by the NLRB from November 1958 to September 1962 involving coercive picketing, secondary boycotts or hot cargo clauses indicates that of the 121 violations in 111 cases, 52 charges were in the building industries; 25 were in transportation and wholesale distribution; 9 in retail; 11 in restaurants; 5 in furniture and upholstery stores and lumber

[28] Paul A. Brinker and Wm. E. Cullison, Secondary Boycotts in the U. S. since 1947, Labor Law Journal, v. 12, No. 5 (May 1961), pp. 398–400.

yards; and the remaining 19 were scattered over a number of other local market industries. Of all 121 cases, 30 involved coercive picketing, 85, secondary boycotts and 6 hot cargo contract clauses.[29] Since formal cases represent only some five per cent of all cases filed with the NLRB, it is doubtful that these numbers even begin to reflect the use of these techniques.

These are also the industries in which the problems of union democracy and corruption are significant. With the workers scattered among many different employer units and the union in substantial control of the placement services and with the business agent becoming the principal enforcement agent, there are many opportunities for the appearance of abuses by union officials including racketeering disclosed in recent years.

The major public reaction provoked by these conditions was to impose restrictive and punitive measures on unions rather than to facilitate the union's efforts at organization. The basic theory of our industrial relations system is that employees should be able to determine freely their choice respecting collective bargaining and their bargaining agent. With the passage of the Taft-Hartley and Landrum-Griffin Acts, the constraints on the use of organizational picketing and secondary boycott and the hot cargo clauses in contracts have been increasing and they have been stifling union growth. Moreover it is hardly realistic to conceive of employees in these industries truly enjoying the freedoms sought for them. The coercive power enjoyed by employers within the economic setting discourages their free organization.

The continuance of the restrictive legislative trends can only impel unions to invent other short-cuts to new organization and provoke even more intense conflict. Unions must continue these efforts for their survival and the protection of conditions in unionized plants. Competitive stability within their areas of jurisdiction depends upon the organization of the non-union sectors.

Unions and union members do not consider it improper or immoral to pressure non-union workers to join in order to assure organization. Within large units such pressure assumes many forms and is effective. The prohibition against these pressures in small

[29] A special study of cases presented by Congressman Roman C. Pucinski further confirmed the concentration of these problems in the local small employees' unit industries. Congressional Record, June 5, 1962, pp. 9000-9002.

shops appears to them to be motivated by the desire to prevent unionization.

Moreover, the public interest also calls for the realization of similar ends. The public should therefore devise new means to promote both collective bargaining and economic stability in labor markets in a way which minimizes the use of coercion upon employees. To achieve these purposes new theories of industrial relations policy must be adopted for this industrial setting.

One suggested approach is to relax the restrictions on organizational picketing and secondary boycotts. The law now allows picketing which does not have recognition or coercion as its end objectives.[80] But for the unions to spread organization effectively and economically it is essential to have quick access to workers. They need the right to picket long before they file election petitions.

Similarly the present restrictions on secondary boycotts may be relaxed on sites where several employers are currently contributing to the same project. The logic of this proposal has commended itself to the previous and present administrations and legislation to this effect has been submitted. Further liberalization would require changes in the law regarding hot cargo clauses and roving site boycotts, particularly where the secondary employers are in truth not neutral but actually allies of the primary employer or where the neutral employer is not injured. Secondary boycotts should be permitted where their purpose is to advance organization to correct substandard and unfair competitive labor conditions in local service and product markets.[81] This proposal appears least desirable since it opens up the use of these tools to unions less reluctant to use them and encourages the increases of leaders and unions skillful in their use.

Another approach to the problem would avoid the questions of organizational picketing and secondary boycotts. It would instead surmount these issues by providing for a broader unit of representation than the individual employer. It would call for recognition of an entire labor market in a given service or industry as the proper unit for bargaining. Unions have always sought this end and its acceptance would eliminate the use of the two coercive practices since

[80] Leo Weiss, "The Unlawful Object in 8(b) 7 Picketing," Labor Law Journal, v. 13, No. 10 (Oct. 1962), pp. 787–800.

[81] J. James Miller, "The Boycott: Some Recommendations." Labor Law Journal, v. 13, No. 1 (January 1962), pp. 94–100.

the secondary employees as a legal entity would no longer exist and organizational picketing would be replaced by open elections.

At present multi-employer units are approved where there is a "controlling history of collective bargaining on a broad basis," [32] and where there is mutual consent by both the union and employers.[33] Moreover, the NLRB has approved multi-employer joint defensive measures to protect the integrity of the multi-employer unit,[34] particularly where the problem of unauthorized strikes and of threats to the grievance and arbitration procedures established by contract was common to all members of the Association and affected different publishers on different occasions." [35]

The same logic is urged as justification of the proposal that the NLRB should relax its rules for establishing multi-employer units and recognize and approve such units wherever such representation is desired by a substantial group of employees and employers in a labor market area and for a type of service or product where similar labor market bargaining has been established in other areas or where there is abundant evidence of the economic desirability of establishing such units to promote economic stability and permit employees an opportunity to participate in collective bargaining. Of course, the acceptance of the multi-employer units eliminates the category of secondary employers and most of the problems associated with these issues.

As for the method of conducting collective bargaining in such a bargaining unit, no new doctrine is required. Employers who desire to engage in multi-employer association bargaining should be permitted to do so and others may pursue their bargaining on an individual basis. It must be recognized that it is more than likely that the association contract will remain the point of departure for all individual unit contracts.

A more radical step toward effecting the above purpose would be to legislate for a completely new type of action. It would require the restoration of Section 7B of the NIRA which provided that the labor terms of a collective bargaining agreement negotiated by a representative group of unions and employers might after considera-

[32] Arden Farms, 117 NLRB 318.
[33] Retail Associates Inc., 120 NLRB 388.
[34] Buffalo Linen Supply Co. and Truck Drivers' Local 448, 119 NLRB, 347, U. S. 87.
[35] Publishers' Association of New York City, ETAL. 39 NLRB, No. 107.

tion and approval by a governmental agency be blanketed over an entire labor market area to become the minimum terms of employment in this area. Under the NIRA, this system was enforced over a significant section of the construction industry.[36] This system insures uniformity in the term of employment and prevents deflation in labor standards through competitive pressures but it would do little to spread the system of free collective bargaining in which we are substantially interested.

OTHER SPECIAL EMPLOYMENT SETTINGS

The law exempts the industrial relations system for governmental employment from the protection of the NLRB. A separate system of collective bargaining is developing to accommodate the fact that the final authority for determining conditions is lodged in the legislature and the administrator's authority is circumscribed. In addition, the supervisor is often a member of the union but his position and rights are not clearly defined. In view of the centralized budget systems used by governmental agencies, coordinated collective bargaining systems, including all employees seem imperative. Strikes are frowned upon but do occur among employees in state and local governments. No one has had the prescience to outline a relatively full model of a future collective bargaining system in this area.[37]

The nature of the collective bargaining system is even less defined for the non-profit institutions. The most preliminary description of the differences in the setting is lacking. The economics of these institutions is generally unclear because they are undergoing vast changes and differ widely. They are in the process of transition from being private philanthropic to public agencies financed through community support and generally aided by public funds. The directors who were formerly leading citizens of the social elite, are increasingly becoming more representative of broader sectors of the population. A new system of responsibility is evolving and the individual agencies are becoming answerable both to national organizations in their own field, as well as centralized community control groups. There is a continuing need to justify these services to the community

[36] Solomon Barkin, "Collective Bargaining and Section 7(b) of the NIRA," The Annals of the American Academy of Social and Political Science, March 1936, pp. 169–175.

[37] Russell A. Smith and Doris B. McLaughlin, "Public Employment; A Neglected Area of Research and Training." Labor Relations Industrial and Labor Relations Review, v. 16, No. 1 (October 1962), pp. 30–44.

both as to their number and quality and the professional employees bear part of this responsibility.

Employment conditions have on the whole been unsatisfactory and serious shortcomings have been revealed, which have prevented these agencies from recruiting the desired staffs. Union organization and collective bargaining have been seriously resisted but there is recognition that vast changes must be made and an active system of independent unionism and collective bargaining would do much to accelerate improvements in employment conditions and the search for a viable pattern of economics for these services. Neither the trade union movement nor the organizations nor the universities have tried to spell out even the barest outline for future developments.[38]

CONCLUSION

The present labor relations laws are built on universal principles which support the employee's right to self-organization and to engage in collective bargaining. The administration of this law has been primarily affected by the milieu in which these policies have been applied.

More attention has to be devoted to the formulation of new methods for realizing the purposes of the Act in areas where progress has been slow. This paper has focused particularly on the problems encountered in the traditional primarily rural industries of the southern underdeveloped areas and the locally oriented small unit industries in larger communities. In the former we pointed out new methods of protecting employees in their desire to form unions. These are primarily extensions of current policy and require no basic changes in legislation. As for safeguarding employee's right for organization in the small unit industries, we proposed the substitution of industry-wide local markets for single employer units. The use of the former approach more nearly coincides with the economic needs of both employers and workers and offers a basis for testing employee desires for unionization in a unit which more nearly coincides with the ultimate basis for collective bargaining. Such a realistic approach would also help bypass the troublesome issues of organizational picketing and secondary boycotts which have diverted

[38] Ad Hoc Citizens Committee on Voluntary Health and Welfare Agencies in the United States, 1961, The Schoolmasters' Press, 82 Morningside Drive, N. Y. 27, p. 88.

attention from the primary need of furthering the purposes of the Act.

We have also summarized the need for a new industrial relations system for the non-profit sector and the appearance of a new system of collective bargaining for government employees.

The governmental organizations, the private parties and the students of collective bargaining must constantly reexamine our institutions and policies to determine the employee's desire for collective bargaining and to protect him in the exercise of his rights to representation and collective bargaining.

GOVERNMENT INTERVENTION IN THE SUBSTANTIVE AREAS OF COLLECTIVE BARGAINING

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I

My assignment today requires an evaluation of the conclusions of the "Independent Study Group" concerning the "present national policy" on the nature of the statutory bargaining obligation. The Report, in a sweeping indictment of the existing policy, calls for an abandonment of all efforts to legislate "good faith" into collective bargaining.[1] Instead, the union should simply be led to the employer's office door, and left there, as Senator Walsh had stated the intent of the law in 1935.[2]

This is not the occasion to attempt to determine whether the legislative history of the Wagner Act fully supports the view held

[1] I find some inconsistency between the text of the Report and the marginal notes. The text expresses doubt about the desirability or feasibility of the statutory requirement of "good faith" in collective bargaining; yet the first marginal note states, "The requirement to bargain in good faith is a reasonable part of the process of establishing representation." In contrast, the final marginal note states, "The effort to legislate bargaining in good faith should be abandoned." I take it this is the basic position of the Study Group, and this appears to be confirmed by the following concluding paragraph from the text (p. 82):

> The subjects to be covered by bargaining, the procedures to be followed, the nuances of strategy involving the timing of a "best offer," the question of whether to reopen a contract during its term—such matters as these are best left to the parties themselves. Indeed, the work load of the National Labor Relations Board and of the parties could be substantially reduced by returning these issues to the door of the employer or union, where Senator Walsh wisely left them.

[2] The reference to Senator Walsh is to a remark he made in the 74th Congress in 1935, as Chairman of the Senate Committee on Education and Labor, speaking with reference to the meaning of the obligation "to bargain collectively" which was incorporated in the Wagner Bill, and became law. He indicated that the intent of the bill was to lead the union "to the office door" of the employer, "with the legal authority to negotiate," but he added:

> The bill does not go beyond the office door. It leaves the discussion between the employer and the employee, and the agreements which they may or may not make, voluntary and with that sacredness and solemnity to a voluntary agreement with which both parties to an agreement should be enshrouded. 79 Cong. Rec. 7659 (1935).

by Senator Walsh.[3] The fact is that the requirement of "good faith bargaining" was almost immediately imported into the Act by the Board and courts and has remained there since. Further, the 80th Congress, which undertook the only thorough review of the Act which we have had, decided, finally, to write the "good faith" requirement into the Taft-Hartley amendments, although the proponents of the 1947 Act can scarcely be characterized as "pro-union" or as enthusiastic about the way in which the Wagner Act had been administered.[4]

What the Report proposes, then, is the substantially complete abandonment of a national labor policy with respect to the obligation to bargain which has been in existence for 27 years. The Report deals with the subject in summary fashion. The language used is epithetical. Doctrinal laws is referred to as "unrealistic," filled with "artificiality," and as having a "hollow ring." One suspects that the draftsmen of the Report were reflecting a judgment which they, as labor relations specialists, almost intuitively feel.

There is no effort to elucidate the substitute legal standard which they propose. They say they would simply bring the bargaining representative to the employer's office door. What this would imply is not revealed. I gather, though, that the law's concern would end there. The representative would not have to be ushered into the employer's office, or seated with a representative of the employer clothed with the authority to bargain. Nor would there have to be discussions. The employer would be privileged to sit and say nothing, if he sat at all. If this is the import of the proposal, it strikes me that the Study Group in all candor should have advocated the total elimination of a statutory obligation to bargain. The result would be to leave it to the union or the employer to induce or force bargaining by whatever means are available. I believe that this, in effect, is what is proposed.

It is the thesis of this paper that, before the conclusions and proposal of the Study Group are accepted, there needs to be a more

[3] For treatments of this subject see: Russell A. Smith, "The Evolution of the 'Duty to Bargain' Concept in American Law," *Michigan Law Review*, Vol. 39 (May 1941), pp. 1065–1108; E. G. Latham, "Legislative Purpose and Administrative Policy Under the National Labor Relations Act," *George Washington Law Review*, Vol. 4 (May 1936), pp. 433–474; Archibald Cox, "The Duty to Bargain in Good Faith," *Harvard Law Review*, Vol. 71 (June 1958), pp. 1401–1442; R. W. Fleming, "The Obligation to Bargain in Good Faith," *Virginia Law Review*, Vol. 47 (October 1961), pp. 988–1013.

[4] National Labor Relations Act §8(d), 29 U.S.C. §158(d).

careful investigation and appraisal of the impacts of the existing policy concerning the bargaining obligation than we have had thus far. Like many others, I have felt that much of the doctrinal law which has developed probably serves no useful purpose, on the whole, and unduly complicates the bargaining relationship. But these are *a priori* reactions, as I suspect are those of the Study Group. What we need in this area of labor law, as in many others, is a serious research effort aimed at factual assessment and evaluation. Too many judgments of tribunals, scholars, and pundits are based on assumptions about the consequences of a rule of law, rather than facts. Social science research certainly has techniques for supplying information about these things. I suggest it is high time we substitute facts for fancy, however sophisticated and enlightened the fanciers may be.

It may be useful to indicate some of the major doctrinal law which would be erased if the recommendation made by the Study Group were adopted, and to suggest some lines of factual inquiry which might be undertaken in order to assess the impacts of the rule and of its elimination.

II

(1) THE DUTY TO MEET AND CONFER

The statutory obligation has always included the duty to meet and confer with representatives of the other party at reasonable times and places.[5] The parties must at least go through the motions of collective bargaining for some period—perhaps to the point of agreement or impasse.

Even this requirement obviously carries the union beyond the office door of the employer. It should be remembered that the bargaining obligation pertains both to the pre-contract and post-contract stages of the relationship, although, as to the latter, it is normally limited to matters concerning the administration of the agreement. An examination of the impact of the rule would require an attempt to determine to what extent it has induced the scheduling and holding of bargaining sessions which would not otherwise have

[5]Burgie Vinegar Co., 71 NLRB 829 (1946); "M" System, Inc., 129 NLRB 527 (1960); Smith, *op. cit.*, p. 1077. Section 8(d) of the act provides: "For the purposes of this section, to bargain collectively is the performance of the mutual obligation of the employer and the representative of the employees to meet at reasonable times and confer in good faith. . . ."

occurred. It would also require an assessment of the consequences of such induced negotiating sessions in terms of the contribution, if any, they have made to the reaching of agreements. I would speculate that there have been some such impacts. As an NLRB member has recently stated the premise, "The more they [collective bargaining procedures] are utilized the better they work." But this assumption needs to be tested.[6]

(2) THE SUBJECT AREAS OF BARGAINING

The statute does not say, simply, that the parties shall bargain collectively. It says they shall bargain "with respect to wages, hours, and other terms and conditions of employment."[7] The natural implication is that there are some matters concerning which there is no obligation to bargain.

Laying aside bargaining proposals which call for illegal commitments, two basic developments stand out. One is the steadily expanding interpretation of the phrase "other terms and conditions of employment" so that even such matters as the decision to contract out work,[8] relocate a plant,[9] or close a plant[10], are now con-

[6] From an address by Board Member John H. Fanning, delivered October 19, 1962, at the Ninth Annual Institute on Labor Law, Southwestern Legal Foundation, Dallas, Texas.

[7] National Labor Relations Act §8(d), 29 U.S.C. §158(d).

[8] Town and Country Manufacturing Co., 136 NLRB No. 111 (1962); Adams Dairy, Inc., 137 NLRB No. 87 (1962); Fibreboard Paper Products Corp., 138 NLRB No. 167 (1962).

[9] Industrial Fabricating Inc., 119 NLRB 162 (1957); Rapid Bindery, Inc., 127 NLRB No. 33 (1960).

[10] Aluminum Tubular Corp., 130 NLRB 1306 (1961); Sidele Fashions, Inc., 133 NLRB No. 49 (1961).

Note that in these areas—subcontracting, plant shutdown, and relocation—the economic impact is much the same, and the Board, in general has tended to rationalize its results on much the same ground. It is a clear violation of the act if the employer's action is taken to avoid the union. Diaper Jean Mfg. Co., 109 NLRB 1045 (1954), enf'd 222 F.2d 719 (CA 5, 1955). It is, however, where the move is dictated by economic considerations that the lines are more difficult to draw. But here the Board appears consistent in requiring that prior notice of the employer's contemplated action be given to the union so as to give the union the right to request a bargaining session. In the Town and Country case the Board said:

> This obligation to bargain in nowise restrains an employer from formulating or effectuating an economic decision to terminate a phase of his business operations. Nor does it obligate him to yield to a union's demand that a subcontract not be let, or that it be let on terms inconsistent with management's business judgment. Experience has shown however, that candid discussion of mutual problems by labor and management frequently results in their resolution with attendant benefit to both sides. Business operations may profitably continue and jobs may be preserved. Such prior discussion with a duly designated bargaining representative is all that the Act contemplates. But it commands no less.

sidered by the Board to be mandatorily bargainable. The other is the treatment of the so-called "permissive" or "voluntary" subjects considered to be outside the area of mandatory bargaining. The legal distinction is that the latter may be proposed but may not be insisted upon to the point of impasse.[11]

The two developments impinge more on employers than on unions. Most bargaining demands which have been classified as non-mandatory have been demands made by employers rather than unions, whereas the expansion of the area of mandatory subjects of bargaining has related primarily to union demands.[12]

[11] This distinction received the imprimatur of the Supreme Court in NLRB v. Wooster Division of Borg-Warner Corp., 356 U. S. 342, 78 S. Ct. 718 (1958). This doctrine has been the subject of extensive comment, much of it critical. Fleming, *op. cit.*, pp. 993 ff; Comment, "The Impact of the Borg-Warner Case on Collective Bargaining," *Minnesota Law Review*, Vol. 43 (May 1959), pp. 1225–1242; Donald H. Wollett, "The Borg-Warner Case and the Role of the NLRB in the Bargaining Process," *New York University, Twelfth Annual Conference on Labor* (New York: Matthew Bender & Company, 1959), pp. 39–51.

[12] Nonmandatory: North Carolina Furniture Co., 121 NLRB 41 (1958) (provision placing liability on international union for breach of no strike clause); NLRB v. Wooster Division of Borg-Warner Corp., 356 U. S. 342 (1958) (strike ballot); Arlington Asphalt Co., 136 NLRB No. 167 (1962) (indemnity bond by union); Clinton Foods, 112 NLRB 239 (1955) (withdrawal of unfair labor practice charge pending against employer); NLRB v. M & M Bakeries, 271 F.2d 602 (CA1, 1959) (demand that union abandon strike); NLRB v. Darlington Veneer Co., 236 F.2d 85 (CA4, 1956) (contract ratification by employees); NLRB v. Dalton Telephone Co., 187 F.2d 811 (CA 5, 1951) (requirement that the union register under state statute so as to make it an entity amenable to suite in state courts); NLRB v. Cosco Products, 280 F.2d 908 (CA 5, 1960) (union performance bond); American Optical Co., 138 NLRB No. 85 (1962) (rehiring replaced economic strikers); Great Western Broadcasting Corp., 139 NLRB No. 11 (1962) (inclusion of supervisors in bargaining unit).

Mandatory: Allis Chalmers v. NLRB, 213 F.2d 329 (CA7, 1960) (contract ratification by majority of those voting in referendum); Inland Steel Co. v. NLRB, 170 F.2d 247 (CA7, 1947), *cert. den.* 336 U. S. 960 (1949) (retirement and pension plans); W. W. Cross & Co. v. NLRB, 174 F.2d 875 (CA1, 1949) (health and accident insurance); National Slate Co., 137 NLRB No. 109 (1962) (merit increases); Mooney Aircraft Co., 138 NLRB No. 136 (1962) (incentive pay plan); Citizens Hotel Co., 138 NLRB No. 82 (1962) (Christmas bonus); United Shoe Machinery Corp., 96 NLRB 1309 (1951) (stock bonuses); Weyerhaeuser Timber Co., 87 NLRB 672 (1949) (prices of meals supplied by employer); California Portland Cement Co., 101 NLRB 1436 (1952) (discontinuance and removal of a department); Fibreboard Paper Products Corp., 138 NLRB No. 67 (1962) (subcontracting); Teamsters v. Oliver, 358 U. S. 283 (1959) (lease agreements between employer and owner-drivers as affecting employees in the bargaining unit); Dickten & Masch Mfg. Co., 129 NLRB No. 29 (1960) (profit sharing plan); Richfield Oil Corp. v. NLRB, 231 F.2d 717 (CA DC, 1956), *cert. den.* 351 U. S. 909 (1956) (stock purchase plan); Allen Bradley v. NLRB, 286 F.2d 442 (CA7, 1961) (contract clause limiting right of union to discipline its members); Erie Resistor v. NLRB, 303 F.2d 359 (CA3, 1962) (superseniority to returning strikers and striker replacements).

Whether the Board, consistently with the statute, could abandon the distinction and its present legal differentiation is a serious question. The alternatives are to say that any subject is mandatorily bargainable, or that a non-mandatory subject may not be proposed at all, or that it may be proposed and bargained for, if in good faith, even to an impasse. The first alternative is really not available in view of the statutory language.[13] The second, I suspect, would be regarded as at least as unrealistic as the present doctrine. The third as a practical matter would tend to obliterate the distinction.[14]

Here, then, is a basic problem in the administration of the Act, and I would hope that judgment concerning it could be aided by some careful investigations, which might include the following inquiries:

(1) With respect to the scope of the area of compulsory bargaining, has the inclusion of particular subjects (e.g., health and welfare, pension plans, and "sub-contracting") brought them to the bargaining table, with tangible contractual treatment, more rapidly than would have been the case otherwise?[15] If so, has this had desirable or undesirable effects in terms of legitimate interests of employer and employees?

(2) To what extent has lack of predictability as to whether a subject is or is not compulsorily bargainable affected the bargaining process?

[13] Possibly it could be argued, as a matter *de novo*, that the inclusion in the statute of the critical language "wages, hours, and other terms and conditions of employment" was never intended to be a substantive standard to be applied in determining compliance with the statutory obligation "to bargain collectively," but only as an indication of Congressional knowledge of the general area within which union-management relations are conducted. I suspect, however, that an investigation of the legislative history would disclose that Congress did, indeed, contemplate restricting the employer's bargaining obligation, as of 1935, to those matters with respect to which union-management negotiations had typically been concerned.

[14] The tendency of the critics of Borg-Warner, however, has been to take the position that "good faith" is the proper criterion for evaluation of the entire bargaining process, and that, consistent with this approach, it should not be denied to either party the opportunity and right to bargain in good faith in support of non-mandatory proposals. See Wollett, *op. cit.*, p. 42; Fleming, *op. cit.*, p. 1011.

[15] As an example of the common assumption concerning the impact of the rule may be cited the reaction of Fleming, *op. cit.*, p. 1005. He points out that the "price" of the approach of "liberalizing the interpretation of the 'wages, hours, and terms and conditions of employment' phrase" "is enlargement of the mandatory bargaining area," which "would doubtless hasten the inclusion of marginal subjects in contracts, for if a subject is once brought into the mandatory bargaining area it becomes more difficult to resist some kind of compromise without engaging in an unfair labor practice."

(3) Has the distinction between "permissive" and "mandatory" subjects of bargaining induced either employers or unions to withhold proposals they would otherwise have made, or affected the course and manner of negotiations when such proposals have been made?

Information of this kind, I submit, would be of great assistance in measuring the viability and utility of the policies developed under existing law.

(3) INHIBITIONS ON UNILATERAL ACTION

It is commonly thought that under existing doctrine the employer may not take unilateral action concerning a subject within the area of compulsory bargaining without first having consulted with the union and either reaching agreement or negotiating to an impasse.[16] Whether the rule goes this far need not be considered here. It is at least true that in many situations unilateral action has been considered evidence of bad faith. One of the more recent applications of the principle was in the *Town and Country*[17] and *Fibreboard*[18] cases, where a Board majority held that unilateral action in contracting out work for bona fide economic reasons was an unfair labor practice. The policy rationale is that in cases such as this, or plant removals, effective bargaining cannot take place after the deed is done, and, if I may be permitted to state what is not fully articulated, that the decision whether or not to contract out work or move a plant cannot, as a practical matter, be isolated from the clearly bargainable matter of its impacts upon employees.

This is an extremely touchy and troublesome area. Even without benefit of factual investigation, one can easily surmise that the effect must be to inhibit management to some extent. There are surely important subjects for investigation in this area. They would include the following inquiries:

[16] NLRB v. Crompton-Highland Mills, Inc., 337 U. S. 217 (1949); NLRB v. Katz, 369 U. S. 736 (1962); Crestline Co., 133 NLRB No. 30 (1961); National School Slate Co., 137 NLRB No. 109 (1962). See generally H. R. Humphrey, "The Duty to Bargain," *Ohio State Law Journal,* Vol. 16, (Summer 1955) pp. 403–426; J. G. Bowman, Jr., "Employer's Unilateral Action—An Unfair Labor Practice?", *Vanderbilt Law Review,* Vol. 9 (April 1956), pp. 487–525; Samuel Lang, "Unilateral Changes by Management as a Violation of the Duty to Bargain Collectively," *Tulane Law Review,* Vol. 30 (April 1956), pp. 431–450.

[17] 136 NLRB No. 111 (1962).

[18] 138 NLRB No. 67 (1962).

(1) To what extent have managements actually felt inhibited, and with respect to what kinds of matters?

(2) Quite apart from any requirement considered to be imposed by the law, would managements in normal course have considered it advisable or necessary to discuss proposed action with the union before taking the action—in order, for example, to find out what the possible "costs" might be in terms of employee benefits which the union might succeed in negotiating?

(3) To what extent has the obligation to negotiate before taking action reduced managerial efficiency or had other adverse effects?

(4) What have been the consequences of negotiation—has the proposed course of action been abandoned? Has the union succeeded in attaching employee benefits as a condition upon such action?

(5) Is the Board correct in its assumption that effective collective bargaining in some kinds of cases must precede rather than succeed the proposed course of action?

(4) THE DUTY TO SUPPLY INFORMATION

Any catalog of the important doctrinal law developed by the Board would surely have to include the concept that good faith bargaining implies an obligation to supply, within practicable limits, relevant information available to one party but not to the other.[19] Some real problems exist with respect to the scope of the rule. Illustratively, must the employer respond to pre-bargaining requests for financial data, "productivity" of employees, information concerning short and long range plans for automation, plant relocation, and the like, so that the union may more intelligently formulate its bargaining proposals? Is information supplied by one party subject to verification by the other? If information supplied in support of a bargaining position indicates that the position taken is clearly untenable, will the party be deemed in bad faith for taking such position? The ultimate answers to these and other questions will be important.

[19] NLRB v. Truitt Mfg. Co., 351 U. S. 149 (1956); NLRB v. Swift Co., 277 F.2d 641 (CA7, 1960); Burns Detective Agency, 137 NLRB No. 132 (1962). See generally Comment, "Union Requests for Information in the Collective Bargaining Process," *University of Pennsylvania Law Review*, Vol. 105 (November 1956), pp. 90–109; J. Di Fede, "Employer's Duty to Disclose Information in Collective Bargaining," *New York Law Forum*, Vol. 6 (October 1960), pp. 400–411; D. E. Card, "Information Requests in Collective Bargaining," *Labor Law Journal*, Vol. 6 (November 1955), pp. 777–796.

In any case, it seems likely that the rule has had a substantial impact on the collective bargaining process.

In attempting to determine such impact, and to evaluate the rule, it would be useful to make at least the following inquiries:

(1) How frequently is the rule invoked in the course of collective bargaining?

(2) Has the party to whom the request is addressed (normally the employer) felt constrained to supply information which, otherwise, it would have withheld?

(3) Has the rule placed a substantial burden on the party who has had to supply the information?

(4) Has the information supplied facilitated or complicated the resolution of bargaining issues?

(5) THE TOTAL BARGAINING PERFORMANCE AS AN INDEX OF GOOD OR BAD FAITH

Finally should be mentioned the most generally applied doctrine of all, and, indeed, that under which, perhaps, most of the other so-called rules can or should be assumed, namely, that the entire bargaining record will be examined to determine whether it indicates good faith or bad faith.[20] Evidence of bad faith has been found in a wide variety of circumstances, including the use of dilatory and evasive tactics, adamant refusal to discuss issues unless a party's position on a certain issue is accepted, palpably insincere bargaining, and insistence on unduly broad reservations of a right of unilateral action.[21] The touchstone of decision has been the inquiry whether the party has or has not exhibited that "sincere purpose to find a basis of agreement" which is said to be inherent in the obligation

[20] NLRB v. American National Insurance Co., 343 U. S. 395 (1952); NLRB v. Bradley Washfountain Co., 192 F.2d 144 (CA7, 1951); NLRB v. Reed & Prince Co., 205 F.2d 131 (CA1, 1953), *cert. den.*, 346 U. S. 887 (1953); NLRB v. Altex Mfg. Co., ... F.2d .... (CA4, 1962), 51 LRRM 2139. See generally Fleming, *op. cit.*, p. 991; Feinsinger, "The National Labor Relations Act and Collective Bargaining," *Michigan Law Review*, Vol. 57 (April 1959), pp. 807-834.

[21] NLRB v. M & M Bakeries, 271 F.2d 602 (CA1, 1959); Gurian & Co., 128 NLRB No. 63 (1960); NLRB v. Pecheur Lozenge Co., 209 F.2d 393 (CA2, 1953), *cert den.*, 347 U. S. 953 (1954); NLRB v. Sharon Hats, Inc., 289 F.2d 628 (CA5, 1961); Neo Gravure Printing Co., 136 NLRB No. 127 (1962); NLRB v. Tower Hosiery Mills, 180 F.2d 701 (CA4, 1950), *cert. den.*, 340 U. S. 811 (1950); Majure Transport Co. v. NLRM, 198 F.2d 735 (CA5, 1952). (On the "insistence on broad reservations" point, however, note that the American Insurance case, *supra*, n. 20, rejected the contention that this kind of evidence showed bad faith *per se*.)

to bargain in good faith.[22] Under this standard the Board may look at any and all phases of the actual bargaining process, ranging from the mechanics or procedures used to the kinds of proposals made and to the arguments used in support of them.

The existence and exercise of this authority to search the record provides either party to the bargaining process with a means of injecting pressures upon the other which would not otherwise exist. It might reasonably be supposed that these pressures would normally be invoked only by a party whose bargaining strength is relatively weak; yet we know that this has not always been the case. The UAW, for example, has sometimes resorted to NLRA charges in dealing with General Motors. To the extent that the ultimate conclusions of the Board are unpredictable, resort to the Board always injects an element of uncertainty.

It is most important to try to make a factual assessment of the consequences of the availability of NLRB review of the negotiations. Has it tipped the scales of bargaining power one way or the other? Have potential or actual bargaining impasses been turned into agreements because of the availability or actuality of NLRB intervention? If such has been the case, has the result been good, on the whole? Would it be better, in terms of sound labor-management relations, to leave the parties to their own devices and resources as they engage in bargaining, even though in some instances bargaining would be unsuccessful or would lead to agreement with fewer concessions wrung from one party or the other than have been the consequence of the application of governmental pressure under the Act?

III

We are dealing here with a most important subject, for it is the very collective bargaining process, itself, which is at stake. Presumably, we want a national labor policy which will provide a healthy stimulus to the process. What we should ascertain, before we abandon the broad statutory formula which now exists, is whether the stimulus thus provided has been "healthy."

[22] "We believe there is a duty on both sides, though difficult of legal enforcement, to enter into discussion with an open and fair mind, and a sincere purpose to find a basis of agreement touching wages and hours and conditions of labor, and if found to embody it in a contract as specific as possible, which shall stand as a mutual guaranty of conduct and as a guide for the adjustment of grievances." Globe Cotton Mills v. NLRB, 103 F.2d 91 (CA5, 1939).

I understand that the NLRB has itself undertaken a study of the effects of its decisions and policies. This is altogether commendable, and, incidentally, illustrates one of the important differences between the functioning of an ordinary judicial tribunal and a specialized tribunal equipped with staff and resources for investigation. I would hope that the Board, in conducting its investigation, would invite the assistance of "outside" neutrals. In any event, I submit that here is an area in which some basic research is needed. I may not have formulated the possible areas of investigation either well or comprehensively. This is a task in which an inter-disciplinary group could perform a useful service. I am suggesting that the job be done.

THE LABOR POLICY OF THE KENNEDY ADMINISTRATION

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The Kennedy Administration has sought to provide conditions conducive to the stability and extension of collective bargaining and at the same time to set limits upon the exercise of the bargaining power of trade unions. This might bring to mind the Federal Reserve Board's modest attempt to "twist" the structure of interest rates, for it appears to be an attempt to make one policy variable serve two policy objectives. The Industrial Relations Twist differed from the monetary experiment, however, in that it was not conceived or executed as an entity. On the contrary, it emerged from what originally were largely independent efforts in different policy centers, no two of which had identical interests in the area of industrial relations.

THE ECONOMISTS' INTEREST IN INDUSTRIAL RELATIONS

The involvement of the Council of Economic Advisers in this area stemmed from its concern with the objectives of "full utilization of manpower and other productive resources, faster growth in the capacity to produce, balance of payments equilibrium, and price stability," which they described as "necessarily the tasks of U. S. economic policy today." [1] Only in the price sector had performance been satisfactory: since 1958 wholesale and retail commodity prices had remained virtually steady, and the 1961 recovery was actually witnessing a slight decline in the index of industrial prices. And the record of price stability was matched by a continuing retardation in the rate of increase of workers' production manufacturing wages and pronounced retardation in the rate of increase of total average hourly compensation (including fringe benefits) of all employees in the private nonagricultural sector.

This record of price stability and relatively modest increases in hourly employment costs might have reflected the operation of fairly long-term forces such as a weakening of lagged price responses to the inflations of 1946–48 and 1950–51 or decline in the determination

[1] *Economic Report of the President . . . together with the Annual Report of the Council of Economic Advisers* (Washington: 1962), p. 38.

or even desire of union members to press for inflationary money wage increases. But even if this was the case, to what extent was price and wage behavior responsive to these forces and to what extent did this behavior merely reflect the high levels of unemployment and the widespread underutilization of capacity with which it was in fact associated since 1958?[2] It could, of course, be argued (and in fact it was) that an upswing starting from a 6.8 per cent rate of unemployment had a good distance to travel—say to 4 per cent?—before it ran into supply bottlenecks. Before that point was reached, however, increasing product demand might encourage managers in administered-price industries to administer some price increases, while increased profits and declining unemployment could touch off more spirited wage movements. And sellers' inflation, regarded as an evil *per se,* could seriously aggravate the balance-of-payments position (which increasing domestic income might place under cyclical strain) and conceivably force the adoption of deflationary fiscal-monetary measures which could make it extremely difficult if not impossible for the Federal Government to obey its legislated mandate "to promote maximum employment, production, and purchasing power."

Nor was the Federal Government's purely economic interest in industrial relations confined to the area of employment costs. In 1961 the Administration's economists, no less than its labor experts, felt that they had a stake in an early and peaceful steel settlement; it was believed that either stockpiling of steel inventories in anticipation of a strike or a strike itself (followed by post-strike stockpiling) could magnetize economic chronometers and all but destroy the informational basis of intelligent short-term economic policy.

THE DIRECTION OF THE NLRB

Unlike the economists, whose principal policy objectives lie outside the arena of industrial relations, the horizons of the National Labor Relations Board are circumscribed by a statute which declares that "the policy of the United States" is furthered "by encouraging the practice and procedure of collective bargaining and by protecting

[2] Like the domestic commodity price levels, the U. S. balance of payments position had shown recent improvement—the overall deficit having declined from $3.9 billions in 1960 to $2.5 billions in 1961—while the extent to which this improvement could be regarded as due to the operation of favorable structural developments, on the one hand, and to cyclical factors, on the other, could not be ascertained with any degree of assurance.

the exercise by workers of full freedom of association, self-organization, and designation of representatives of their own choosing, for the purpose of negotiating the terms and conditions of their employment or other mutual aid or protection." Accordingly, as one of the two members appointed by President Kennedy put it, "The NLRB is charged with the promotion of a public policy which is, in essence, the encouragement of collective bargaining as the democratic method of solving labor problems." And, he added, "The basic purpose of the statute indicates that the government is not neutral as to the desirability of free collective bargaining." [8]

In the course of implementing this philosophy, the "Kennedy Board" has reversed a number of past NLRB decisions and has set about seriously to encourage collective bargaining by rulings in such areas as lockouts in multi-employer units, union security (the agency shop), subcontracting, unilateral employer changes in employment terms, the contract bar period, the permissiblity of picketing of neutral and nonunion employers, employer and union campaign tactics—and by delegation to the 28 regional directors of the power to determine bargaining units and to direct, supervise, and certify the results of representation elections.

THE APPROACH OF THE ADMINISTRATION'S FIRST SECRETARY OF LABOR

Many economists, among others, would hold that, given the goal of full employment, the objectives of wage behavior consistent with price stability, on the one hand, and the strengthening and extension of free collective bargaining, on the other, are, in principle, incompatible. Former Secretary of Labor (now Associate Justice) Goldberg, however, rejected this conclusion; indeed some of his policies were apparently based on the premise that the last two objectives could be fruitfully regarded as complements rather than substitutes.

The most recent period in which collective bargaining was not generally placed on the defensive by public opinion and employer "hardline" resistance comprised the wartime years when, in an environment characterized by extraordinary legal controls and a strong sense of national unity, bargaining was peaceful and restrained and was regarded as making an important contribution to the com-

[8] "The NLRB on the New Frontiers," Address by Gerald A. Brown at the Institute on Labor Law, Duke University Law School, February 9, 1962.

mon effort. In the past several years collective bargaining has been relatively peaceful in terms of our own history (except for the long steel strike) and restrained in an environment in which high unemployment and low profits substituted, as a restraining influence, for legal controls and a strong sense of national unity. If these more recent and undesirable economic constraints should be removed, could the old wartime spirit of togetherness and self-discipline be rekindled by reference to the demands which the country's international commitments make upon the economy's performance? Could the unions be persuaded to resist temptation and make their contribution to the transformation of collective bargaining into an inherently peaceful and virtually costless-per-unit-of-output institution; and, if so, would the employers, who had been showing some dispositions to roar back at the lion, be willing to lie down with the lamb? President Kennedy had appealed to the nation for just this sense of national purposefulness and willingness to forego private gain in his Inaugural Address; in so doing he furnished the basis for two of his Secretary's distinctive contributions in the area of industrial relations.

The first of these was the establishment of the President's Advisory Committee on Labor-Management Policy, an essentially quadripartite group consisting of nineteen members drawn from organized labor, management, and the public, with the Secretaries of Labor and Commerce alternating as non-voting but, in the first instance at least, highly influential chairmen. "I deem this a most important committee," the President said and noted, "It is my hope that the Committee may help to restore that sense of common purpose which has strengthened our Nation in times of emergency and generate a climate conducive to cooperation and resolution of differences." Its twofold purpose "is to help our free institutions work better and to encourage sound economic growth and healthy industrial relations." The Advisory Committee's charter of jurisdiction, while not derived from the same source, appeared to be broader than the Council of Economic Advisers', for it embraced the collective bargaining objectives quoted above as well as the other areas of economic policy with which the Council has been primarily concerned.

The Committee, however, has not found it easy to reconcile all of its objectives. It has worked diligently; and its continued existence and its recent statement on tax cuts suggests that the ambiguity-price paid for consensus in certain early literary efforts has not been

excessively high. Nevertheless its essays on "Automation," "Collective Bargaining," and "Policies Designed to Ensure that American Products are Competitive in World Markets" had best be evaluated by the criterion employed by Dr. Johnson in his assessment of women preachers and dogs walking on their hind legs. The report on "sound wage and price policies" has not yet emerged; and the weak reference to this subject in the report on foreign competition is not particularly helpful to the policy-makers, public and private, whom the Committee was charged with guiding:

> . . . However, labor, in formulating wage policies and other proposals affecting costs, and management, in formulating wage, price, profit and investment policies, should bear in mind the need for over-all price stability and for improvement in the competitive position of the United States in international markets.

In addition, the Committee wrestled inconclusively, although earnestly, with the problem suggested in the title of its report on "Free and Responsible Collective Bargaining and Industrial Peace." It is agreed that collective bargaining should be "responsive to the public, or common, interest" and even that the maintenance of freedom in this area was conditioned on increased responsibility. But it is agreed more emphatically that "We are opposed to any governmental imposition in peacetime of substantive terms and conditions of employment."

These two problems—the role of the government in securing "responsible" behavior and the specification of "sound" wage-price policies—arose in connection with the Administration's second innovation, which consisted in relatively frequent, although selective, interventions by the Secretary in industrial disputes. While occasionally minimizing this intervention he vigorously asserted the propriety of his actions. Acknowledging—indeed rejoicing in—the increasingly peaceful nature of collective bargaining in general, he stressed the necessity for avoiding strikes where the national interest was affected—as in transportation, national defense, and steel. Moreover, he upheld the Administration's right to "assert and define the national interest"; and while, judging from the variety of definitions employed, he found it somewhat easier to assert than to define, he did make frequent reference to the nation's economic problems in this connection. And he argued that government mediators in addition "to assisting in keeping the peace," must "increasingly provide guidelines to the parties to insure that the settlements reached are

right settlements that are not only in the interests of the parties themselves but which also take into account the public interest." [4]

This statement of a theory of complementarity leaves two questions unanswered. First, if the mediators who, like good operating pacifists, must exert greater pressure on the weaker contestant, find their range of alternatives restricted by economic considerations, might they not be rendered less efficient in their traditional role of peacemaker? Second, how can one ensure that peaceful settlements arrived at without recourse to outside mediation will reflect the public interest in price stability?

GUIDEPOSTS AT THE CROSSROADS

In "defining the national goal," the Administration's Council of Economic Advisers followed their predecessors in endorsing wage restraint and, as a "general guide for noninflationary wage behavior," the (over-all) productivity principle. Their innovations lay in (1) the inclusion in their *Annual Report* of numerical data on annual rates of growth in output per manhour over various periods and in various sections of the economy and (2) in specifying desirable departures from the "general guide rate" which, while consistent with stability of the general price level, would reconcile the general guideposts with "objectives of equity and efficiency." [5] Discussion of the first of these additional objectives deals with the distribution of income and the bargaining power of certain groups of low-wage workers; the discussion of the efficiency objective deals essentially with allocational criteria and with union-management devices to raise productivity.

The stated general objective was more modest than the Secretary's, for the guideposts were intended to be "a contribution to . . . a discussion" of the question, "How is the public to judge whether a particular wage-price decision is in the national interest?" In fact public education was regarded by the educators who raised the guideposts as an effective alternative to "mandatory controls"; it might also be regarded as an alternative to less formal "pressure mediation,"

[4] Address before the Officers and Directors of the Executives' Club, Chicago, Illinois, February 23, 1962.

[5] For an earlier discussion of productivity and allocational policy criteria along the same lines, see Abba P. Lerner, "Inflationary Depression and the Regulation of Administered Prices," in *The Relationship of Prices to Economic Stability and Growth*, 85th Congress, 2d Session, Joint Committee Print (Washington: 1958), at pp. 267–268.

on the one hand, and legislative surgery on the structure of unions and business enterprises, on the other. This section of the *Annual Report* has indeed been a stimulating contribution to public discussion of a problem which the Council faced up to more courageously than either its predecessors or many members of this Association. I do not believe, however, that a set of relatively complicated and general appeals can effectively modify private behavior—and not only because the conduct urged would run counter to the immediate self-interest of many of the parties involved. With the best will in the world, the pupils could not hope to find guidance from the instructions on the posts without the services of expert official translators. Moreover, further elaboration is required to eliminate a few ambiguities and inconsistencies—and some of these problems are of such a nature as to require political, rather than technical, solution.

From the outset much of the admiring press and public regarded the Administration as having erected only two honest-to-goodness guideposts—a three percent guidepost for wages which pointed the way to a no-increase guidepost for prices. Astute readers in this group readily conceded that they were oversimplifying the text but felt that they were not misinterpreting the intentions of the writers, in view of the absence of explicit answers to questions which would inevitably be raised.

Some of these questions lay in the realm of measurement. The discussion properly identifies "all hourly labor costs," rather than wages, as the numerator of the fraction, unit labor costs; in this connection, the British White Paper on *Incomes Policy* noted that "In considering increases in wages and salaries what matters for costs and prices is not simply the change in rates but the amounts actually paid." [6] This presents difficulties, for, with the possible exception of basic steel, there are probably no major industries in this country for which reliable and commonly accepted industry data on hourly employment costs exist (and, in view of the apparent variation in hourly nonwage costs among competing firms, the necessary task of obtaining such data from employers will not be easy). Even where such data might be accepted, it is frequently difficult to achieve consensus on estimates of the impact of proposed changes in wage rates on average hourly earnings and nonwage benefits or, as in the 1962 steel negotiations, of changes in benefit levels and

[6] *Incomes Policy: The Next Step*, Cmnd. 1626, February, 1962, p. 4.

programs on employment costs.[7] Finally, there remains the problem of determining the time period over which the increase is to be prorated. An Emergency Board awarded the nonoperating railroad crafts a wage increase which amounted to four percent as of May 1962, but claimed that all but two and one-half percent was for retroactive pay back to November 1961 and that the award thus conformed to the allocational guideposts which called for below-standard increases in industries with declining employment.

Selection of appropriate measures of productivity (the denominator of the fraction) for the evaluation of both wage and price decisions also presents substantial problems.[8] Thus, gearing increases in employment costs to an average annual rate of growth in some index of over-all productivity is consistent with stability in overall unit labor cost—but not necessarily with general price stability if a measure of productivity for the entire private economy, inclusive of agriculture, is used and not necessarily with continued stability of labor's share in the national income if we select a very long time period or take our trend from postwar data unadjusted for a downward trend in resource utilization. Data on productivity in individual industries are required under the general guideposts to justify price increases or to indicate the need for price reductions, but this is another area where data are lacking in many instances and subject to vigorous challenge in others. In the steel price controversy, the Administration's case rested partly on the contention that the labor cost increases negotiated in 1962 were smaller than the average annual increase in the industry's productivity as well as that of the entire economy; whereas the companies maintained that the cost increases exceeded productivity increases in their industry.[9]

The "specific modifications to the general guideposts" also entail

[7] *Wall Street Journal*, March 1, 1962 and March 15, 1962. For a brief comprehensive discussion of problems involved in measuring employment costs, see Peter Henle, "What Role Can Statistics Play?" (Delivered to the Business and Economic Statistics Section, American Statistical Association, September 7, 1962).

[8] For an excellent analysis of the economic problems underlying choice among alternative productivity measures see Barbara R. Berman, "Public Information in the Operation of the Wage-Price Guideposts: The Productivity Statistics" (Delivered to the Business and Economic Statistics Section, American Statistical Association, September 7, 1962). See also the *Annual Report, op. cit.*, pp. 186–188.

[9] *New York Times*, January 16, 1962; *Wall Street Journal*, March 5, 1962; Address by R. Heath Larry, "The Significance of the 1962 Negotiations," September 20, 1962.

data problems, and they raise conceptual problems as well. How can we tell how much of a price reduction (relative to the movement indicated by the general guide) would be required in an industry "in which the relation of productive capacity to full employment demand shows the desirability of an outflow of capital"—or how much of a relative price increase (similarly calculated with respect to the general guide) should be allowed an indusrty "in which the level of profits was insufficient to attract the capital to finance a needed expansion (or modernization?) in capacity"? (Alleged inability to finance new investment out of existing cash flows was one of the main arguments raised by U. S. Steel in defense of its abortive price increase.) The specific modification on the wage side requires the availability of measures of excess demand and full-employment-excess supply in order to indicate by how much wage increases in specific industries may increase or fall short of the increase in over-all productivity. (Some members of the Administration have tended to hail wage increases of 2½ to 3 percent even when they occurred in industries whose employment records suggested the presence of excess labor supply under conditions of full employment.)

On the other hand, it has been suggested that extra large wage increases ought not be allowed in all cases of labor shortage for, as the British White Paper maintains, "In a fully employed economy, there are bound to be scarcities of many kinds of labour." Hence, in fact if not in theory, the allocational guidelines, which are designed to promote the objective of efficiency, may not, under conditions of full employment, satisfy the requirements of price stability. The encouragement given in the *Report* (as in the White Paper) to joint private efforts to increase productivity through the provision of monetary rewards also serves the objective of efficiency; it too might operate at cross-purposes with the general (over-all productivity) guidelines—and with the specified allocational criteria as well, although increases in compensation in exchange for abandonment of inefficient working arrangements may result in lower costs than would below-standard wage increases or even wage cuts. Moreover these arrangements entail a peculiar measurement problem, for *pro forma* union-management arrangements or the establishment of loose production standards must be distinguished from genuine and efficient efforts to reduce costs.

The allocational guidelines could, if given priority, restrict the scope of some of the *Report's* concessions to the objective of equity,

which have been widely emphasized by trade unions. In this connection the *Report* directs attention to problems related to the distribution of income and low-wage groups. The *Report* takes note of a criticism leveled against the productivity theory on the grounds that, as the CED Study Group wrote, it "logically implies acceptance of the proposition that the wage-earner's present share of national income is correct and should not change." [10] The *Report* agrees that "there is nothing immutable in fact or in justice about the distribution of the total product between labor and nonlabor income" and then notes that "collective bargaining within an industry over the division of the proceeds between labor and nonlabor income is not necessarily disruptive of over-all price stability." While these statements may be accepted, it should be noted that such restricted collective bargaining—of which, incidentally, the Administration evidently believed the 1962 steel negotiations to be a prime example—could result in wage behavior violative of the allocational criteria. So could wage increases which might increase the share of the unionized sector of the labor force without raising the general level of prices (although, as the *Report* points out, such wage increases could result in spillovers and imitative behavior which would tend to prevent compensatory price declines). Of course it might be pointed out that these sections do nothing more than give straw hats away in the winter time since various empirical studies have failed to reveal a significant positive association between changes in labor's share and union strength (as measured by degree of organization).[11] On the other hand, no one can predict whether this lack of association would persist if employers were to be denied access to the escape hatch of price increases.

Another question in the realms of equity and income distribution concerns the admissability of wage increases to compensate for increases in the cost of living—some of which might have been produced by price increases justified by guideposts. The British explicitly rule out cost-of-living increases, but the UAW declared, "Obviously, if prices rise, money wages must rise faster than productivity

[10] *The Public Interest in National Labor Policy, A Report on National Labor Policy* by a Study Group established by the Committee for Economic Development.

[11] See Norman J. Simler, *The Impact of Unionism on Wage-Income Ratios in the Manufacturing Sector of the Economy* (Minneapolis: The University of Minnesota Press, 1961).

in order to give workers their fair share in the fruits of productivity advance." [12]

The productivity principle, of course, does not rule out redistribution away from wages since it is used as a guidepost for *maximum* wage increases. In some instances, however, the price behavior guide posts, as they now stand, may work inequity upon employers. Even if wage increases are no greater (but no smaller) than required to keep the wage share stable, the share of profits could decline in an industry if its rise in productivity is associated with capital deepening and if the latter entails increased depreciation per unit of output. (To the extent that such investment has been induced by prior changes in relative factor prices and has resulted in increases in product prices, sellers' inflation has appeared in a manifestation which has not been reflected in statistical efforts to measure union impact on costs and prices.)

One of the equity guideposts points the way to extra-generous wage increases in industries "in which wage rates are exceptionally low compared with the range of wages earned elsewhere by similar labor, because the bargaining position of workers has been weak in particular local labor markets." However, under the allocational rules, low-paid workers in markets characterized by disequilibrium due to excess supply are not entitled to such favorable treatment, but only workers in markets where wages are depressed by monopsonistic bargaining power of employers and where wage increases need not and should not induce employers to raise prices and reduce output and employment.

Distinguishing the two low-wage situations and, in monopsony situations, determining by how much the wage increase could appropriately exceed the general guide rate could present sticky problems of measurement. Yet failure to make the indicated distinction could admit an infinite variety of "inequity adjustments," "catch-ups" and similar tributes to the ingenuity of man in time of great national emergency. The UAW veterans have been quick to point to this particular guidepost and claim favored treatment for employees of the aerospace-missile industry as wards of the state, because of their members' *de facto* inability to strike high priority government work. And what of Federal (or other public) employees on whose behalf

[12] *Report of President Walter P. Reuther to the 18th UAW Convention . . .* May 4–10, 1962, p. 74.

the President invoked the "principle of comparability"—which would not only enable the government to raise federal salary standards to competitive levels but would also reflect "such legitimate private enterprise pay considerations as cost of living, standard of living, and productivity, to the same extent that those factors are resolved into the "going rate" over bargaining tables and other salary determining processes in private enterprise throughout the country?" [13]

These and similar problems will have to be faced up to if we are really in earnest about pursuing this type of multi-objective wage policy. They are not insoluble—at least they are resolvable on the level of policy—but it is evident that questions of interpretation and application in specific cases will remain and, therefore, that a complex wage policy cannot be self-enforcing. In addition one must rate as doubtful *a priori* the prospects of appeals to self-restraint, especially when addressed to participants in decentralized and frequently competitive bargaining and price determining systems.[14] It had even been predicted, on the basis of wartime experience, that the existence of a general productivity guidepost would exert a perversely inflationary effect on wage movements. This might have happened in some cases: the Communications Workers' negotiations with the Bell System might be a case in point (although the Teamsters disagree). But there is not evidence that this phenomenon was widespread; nor should this be expected in an economy which diverges so markedly from wartime conditions of excess demand. By the same token, however, we can dismiss claims for the immediate effectiveness of the guideposts that are based on data revealing year-to-year changes in average hourly earnings in manufacturing of only 2.5 percent or thereabouts. The fact that the rate of increase in adjusted hourly earnings has continued to decline—from 2.7 percent in 1960–61 to only 1.7 percent in 1961–62 (August to August)—during a recovery year suggests the operation of extra-cyclical forces, but even if this should prove to be true, the slowdown would reflect in great part the weakness of the current upswing and the persistence of unsatisfactorily high levels of unemployment.

Nor, I believe, was *ad hoc* intervention as effective in producing

[13] *Message from the President of the United States Relative to Salary Increases for Federal Service Employees*, 87th Congress, 2d Session, House of Representatives Document No. 344, February 20, 1962, p. 3.

[14] *The Public Interest in National Labor Policy*, *op. cit.*, H. M. Douty, "Some Problems of Wage Policy," *Monthly Labor Review*, July 1962, p. 739.

noninflationary settlements as were these deflationary economic pressures; and neither influence was notably effective in producing settlements which could reasonably be regarded as conforming to the allocational guideposts. This judgment, of course, must be conjectural, but I believe that it is supported by the following considerations in the case of the steel settlement: the Steelworkers' well-known reluctance to strike [15] (which recalls the 1959 situation before the work-rules issue was introduced), the fact that the negotiated cost increases of around 2.5 percent were below what would have been regarded as a noninflationary increase, and the fact that the negotiated increases exceeded the industry's published estimates of its average annual increases in productivity. Nor did intervention inject apparent restraint in the economic settlements reached in the nonoperating railroad crafts (in which the *absolute* cost increases were about the same as those in basic steel and applied to a lower base), to say nothing of various building trades in New York City and northern California. In furnishing a relatively precise statement of the national interest in collective bargaining, the guideposts might have facilitated the *ad hoc* efforts of the first Secretary of Labor, but if so, the assistance was not reciprocated.

In conclusion, I should like to suggest that the type of enforcement required depends upon the nature of the wage restraint program—and that the latter entails the imposition of an ordering among economic objectives. Thus, if high priority is assigned to over-all price stability as well as full employment, the indicated wage (or wage-price) policy would have to be of indefinite duration and economy-wide in the scope of its intended application. If an attempt were made to enforce such a policy by *ad hoc* governmental intervention, a price would have to be paid not only in terms of loss of freedom to negotiate privately acceptable conditions but also in terms of a reduction in the degree of democratic control over unions. To remain in office, elected union officials may have to "deliver" inflationary settlements (as in the case of some of the northern California building trades in 1962) or, if the alternative is available, obtain security in office at the expense of dependence on a helpful central government. It would be preferable to replace such enforcement with formal, legislated machinery to interpret and administer the policy. Such machinery would have to include union—and there-

[15] *Wall Street Journal*, January 11, 1962; *New York Times*, April 13, 1962.

fore industry—representation, if only to provide the officers something to lean against, for as William E. Simkin has observed, "There is no reason to believe that any formula developed administratively will have comparable labor and industry support." [16] Tripartite representation, however, while probably a necessary condition for securing price stability, is not sufficient. Even during wartime, unions forced the abandonment of wage stabilization policies and private enterprise obliged the government to lift price ceilings; [17] and the prospect of "permanent" guideposts in peacetime would *a fortiori* tempt erosion, if not outright defiance.

Moreover, tripartite policy would, judging from past experience, involve greater subordination of the goals of allocative efficiency and possibly economic growth (insofar as the latter may require redistribution of income in favor of profits) in the interests of equity and freedom to bargain over the distribution of disposable income within the firm. Indeed, a tripartite policy of indefinite duration would probably politicize collective bargaining, price determination, and the distribution of factor incomes to a degree greater than most people in labor management, the government would contemplate, let alone approve.

Finally, it might be noted that the objective of over-all price stability itself may be inconsistent with the objective of achieving equilibrium in the balance of payments under existing guideposts; this would be true if it should be discovered that our chief export industries' rates of increase in productivity were less than the over-all rate.

If, on the other hand, priority were assigned to securing balance of payments equilibrium in addition to full employment, a wage stabilization policy could be narrower in scope and probably (in the light of international cost movements and other measures taken by the U. S. or in prospect) of limited duration. Such a policy might thus be more informal and if it were to be implemented by *ad hoc* intervention, the loss in terms of institutional freedom and independence would be minimized by virtue of the fact that many industries

[16] William E. Simkin, "Role of Government in Collective Bargaining," address before Annual Labor-Management Conference, University of California, May 25, 1962. Arthur M. Ross, "Wage Restraint in Peacetime," address before the Western Economic Association, August 20, 1962.

[17] Archibald Cox, "Wages, Prices, Government and Lawyers," address before Alumni of the Harvard Law School *et al.*, Cambridge, Massachusetts, June 13, 1962.

subject to the policy have in any event been traditionally subject to informal pressure mediation (whether wisely or not). If the specific-industry productivity criterion were adopted, in connection with such a program, the objectives of allocative efficiency and of equity as well would be sacrificed, in some instances, for the duration of what is hopefully a temporary period. It should be noted, however, that effective restraint in some of the high-wage, high-employment industries covered by such a program would imply conformity, rather than opposition, to reasonable allocational criteria. The freedom of employees in uncovered industries to secure what wage increases they could would also presumably work inequities. But the system of free collective bargaining has worked inequities of its own, which have favored some of the large-scale industries subject to partial wage stabilization; and, while two wrongs don't make a right, they not infrequently have the effect of abating indignation. Finally, stability of the over-all price level could not be guaranteed by a policy which seeks control over only one of its component sectors, although consolation might be derived from the absence of a theoretical commitment to the existing distribution of income.

The downgrading of over-all price stability as an end in itself would represent a hard choice among competing objectives. But it should be noted that the two principal alternatives—free collective bargaining and full employment—alone enjoy the sanction of legislative affirmation. And in any event economists should have no objection to practicing what they preach about the need to make choices. What might be regarded as Slichter's Last Problem remains with us, as does the need for the peculiar admixture of tough-mindedness and idealism with which he confronted it.

I should like to end on what I regard as a hopeful note. The exceptional integrity and ability of Secretary of Labor Wirtz has been ranged on the side of those policy-makers who assign priority to both full employment and free collective bargaining, recognizing that the associated gains in productivity (some made possible by collective bargaining) and output will act to dampen inflationary pressures.

DISCUSSION

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Wight Bakke was kind enough to summarize the scope of the report which serves as the springboard for this morning's discussion.

It is apparent that the papers delivered by Professors Ulman, Barkin and Smith have each touched upon one or a few of the several policy areas dealt with in the Study Group Report on *The Public Interest in National Labor Policy.* One common tie, however, relating the diverse tacks taken by our speakers is an implicit overview in each of the papers of the appropriate *contemporary* role for government in fashioning national labor policy. These perceptions of the broad functon of public policy are, as well, the sources of differences—and of agreement—among us. In addition to Wight Bakke's "table of contents," so to speak, it may also be useful therefore to take just a minute or two to state our Study Group's judgment on this general issue. This is summarized in a short epilogue to the report:

> . . . we have been guided by the desire to maximize the responsibilities laid upon private parties. Our observation and experience is that those things work best which have been designed and agreed to by the people who will be most directly affected. Many of our recommendations call for less interference by government in the affairs of the parties and a design of governmental machinery that permits it to be responsive, within limits, to the desires of the parties.
>
> Strong public interests have also been identified and, where we feel it appropriate, we do not hesitate to insist as a matter of public policy on specific standards of performance for the parties in certain areas. On the whole, however, our approach to public policy has been to develop a broad framework within which private parties can act and to forego temptations to legislate or otherwise force on others specific goals which we happen to hold. As we look forward to the problems in the next few years, we see, indeed, an opportunity for greater synthesis between public and private responsibilities. The emphasis of the last decade or so has been on increased regulation of unions and collective bargain-

ing. With the volume of legal remedies now available having reached a point of diminishing return, perhaps this movement has run its course. We hope so. We feel that the area of union-management relations has, if anything, a surfeit of law. The emphasis in government actions must shift to positive efforts that encourage an environment and provide services and resources useful to unions, employees, and managements as they seek their own solutions to difficult and demanding problems.

With these preliminaries out of the way, we have at least the glimmer of a backdrop against which our reactions to the papers just delivered may be evaluated.

Of Professor Ulman's paper, it need only be said that it is always gratifying to encounter generally if not completely coinciding biases, as the Webbs would have put it or, as we might prefer to describe it, coinciding objective preference systems. In his review and evaluation of some recent policy choices made in dealing with industrial disputes and the issue of a national wages policy, Professor Ulman's judgments reflect, we feel, an assessment of the pitfalls and dilemmas involved in pursuing such policy lines which is very similar to that offered in the Study Group's report. And because these recent choices are not irreversible policy decisions, it is all the more helpful to continue to confront explicitly, carefully, constructively, and sympathetically, as we feel Mr. Ulman has done, the implications of such policy lines. If current policy objectives are indeed designed to "establish a climate in which collective bargaining would enjoy a more favorable public reputation," it is a disservice rather than an aid to leave with the public the impression that any and every strike—whether at the Metropolitan Opera or a missile site—threatens our national welfare and security and the concomitant implication that effective collective bargaining *can* be an entirely cost-free institution. The more difficult task of educating the public on the relative balance between benefits and costs involved in this prevailing procedure for resolving problems in the world of work as against the costs and benefits of alternative arrangements has yet to be undertaken effectively either by the parties themselves or by representatives of government.

Mr. Barkin's paper ranges over a number of proposals for policy change which he feels can similarly establish a more favorable climate for the growth and sustenance of collective bargaining although he does not relate these to the Study Group's report. It

raises for consideration what is—or should be—a second major task of public policy. For, if we are convinced that, on balance, the process of collective representation and negotiation *is* preferable to a process where either an instrumentality of government or one or the other of the parties will determine the substantive resolution of problems at work, then public policy must provide the framework within which workers, if they opt for collective representation, should be able, along with employers, to establish and sustain the process to work out their own solutions in their own contexts. Where Barkin and the Study Group part company on this general proposition is over the role that statutory policy must play here. Barkin would introduce into the statute varieties, differentiations, and classifications in policy. The Study Group would prefer broad and generally uniform procedural policy, where this is feasible, and leave to the parties the establishment of varieties and differentiations which would grow out of their own expert knowledge of their occupational or industrial problems, out of their own considerations and deliberations and out of their own negotiations. This does not imply a hands-off role for public policy. Our Study Group did recommend and urge the extension of the principle of self-determination and coverage under the concomitant protection of present policy for government employees, for employees of non-profit hospitals and for agricultural workers. For the latter group, in fact, we violated our own predilection for the "broad guideline" "uniformity of policy" approach and did include some "special" policy recommendations. But in general, we felt that the route of statutory differentations by occupation, industry or labor market was not the most profitable to pursue now. Certainly the present operation of the major illustration of such "differentiated" statutory policy has proved to be far from effective in the case of the railroad and airlines industries. Public policy could serve a second positive role in implementing such self-reliance for problem-solving through collective representation by spurring on or even sparking efforts by the parties to give continuing, longer-range consideration to the problems in their relevant sectors—efforts which *could* involve, if the parties so sought, aid and support from government agencies as well as private persons. Public policy could also serve well in helping to think through arrangements, devices and procedures for the effective operation of collective representation in sectors such as government or hospital employment in which traditional positions of collective bargaining ***must be***

adapted by the parties to their own contexts. We have had some start on this in the recent concern with representation for government employees. Finally, revised administrative interpretation of existent statute, as in the case of the 8(c) provision, can help insure a more reasoned climate for self-determination and this, too, our Study Group has recommended. But in the last analysis, assuming the presence of a broad supporting policy framework, the institution of collective bargaining or representation cannot flourish and adapt to changing circumstances by relying upon an increasing complexity of differentiated statutory bonuses, props, exemptions or substantive intrusions. It can only do so through an increasing recognition that the parties themselves must be prepared to diagnose and deal with their own problems. The route of the special statutory prop may be required in isolated circumstances but, as a generally adopted technique, can only lead to continuing legalistic bickerings, new legalistic loopholes, an accelerated spawning of legal counsel, increasingly phlegmatic and procrastinating reliance on statutory goodies and to an eventual decay of assertive assumption of responsibility for solving problems which alas, are not always resolved by resort to another law. Mr. Barkin himself has recently written of the decline of élan and vigor in the American labor movement. His unitary explanation for such decline which he puts forth in this paper, i.e., the "absence of special statutory protection in the underdeveloped [that is, underorganized] areas beyond the provisions and considerations extended to the developed areas" may be a partial explanation for the failure of trade union growth. But it is far from the whole story. Barkin himself notes some of the additional considerations that must be taken into account. There are, as we have just noted, corrective policy changes required for guaranteeing self-determination rights to additional large groups of workers in their exercise of choice for or against collective representation but these should be viewed as general extensions of uniformly valid policy requirements rather than as differentiated and additional protection for certain occupational and industrial categories. And the bulk of differentiated practices and results which in fact always emerge should be negotiated rather than statutorily prescribed.

One final note of Barkin's discussion: we cannot help wondering whether Barkin is putting us on in his recommendation for eliminating prohibition against the secondary boycott in certain labor markets. Would he really want to see the Teamsters, who could most effec-

tively utilize such coercive pressures, swallow up the categories of local service (and perhaps even some textile) employees whom he lists in the section of his paper dealing with difficulties in organizing?

Is this proposal really the road to salvation for a labor movement whose vigor Barkin would like to see restored?

Or does the solution to the sectoral problem really lie along quite other directions from those suggested by Barkin here?

Professor Smith's paper, which addressed itself specifically to one piece of the Study Group's report, deserves some clarifying commentary.

In the context of the report in its entirety it should be clear that our views concerning the duty to bargain in good faith were not intended to eliminate the legal foundations of the principle of bargaining but rather to leave the parties freer to negotiate as they would. The purpose is thus in keeping with the assessment of the appropriate positive role for government in labor policy to which we referred at the outset of our discussion.

The fact that only one of the Study Group members was a lawyer is not really a relevant consideration for two reasons. First, we were not attempting to devise in detail any substitute statutory language in this more general report. Second, we did have legal counsel in the form of readers and critics to whom drafts of the report were submitted prior to publication. These included labor, management and government lawyers.

It is interesting, too, that their reaction and the reaction of other readers to this particular section of the report reflected a general feeling of agreement with the Study Group's presumption in drafting this portion. Put simply, the presumption was that a simplification of the law of bargaining would improve the quality of the practice with some, although probably not substantial, costs in certain sectors in which collective bargaining was still in incipient stages. There was, incidentally, some discussion at this point of the possibility of retaining some "good faith" requirements for the first few years of a bargaining relationship and disposing of it thereafter—a proposal, in a sense, analogous to the infant industry rationale for protectionist economic measures. This view did not get into the report itself—perhaps it could have without destroying the main burden of our point here. The accompanying presumption was one concerning the inefficiency of present Board intervention and remedies in enforcing an "open mind" or the "sincere intent to reach

agreement" where neither of these came as standard equipment in the bargaining of a contract. In general, the Study Group's collective judgment here was that the concern with dissembling "open mind" and "sincere intent" or of assuring a record of flexibility to meet any potential prying into "open mind" and "sincere intent" often led to absurd exercises of hypocrisy and sham or delayed actual sincere bargaining on real issues while parties went through a variety of tactical motions first. To be sure, much more research on the impact of such Board intervention and remedies would be welcome and we await the findings of Mr. Ross, who is currently engaged by the Board in conducting at least portions of such study as Mr. Smith urges. But it should not be left unsaid that such studies as have been conducted in this area to date had their authors well represented in the constituency of the Study Group itself.

Mr. Smith himself indicates a tentative leaning toward these presumptions and in an earnest effort at getting at more facts has urged further study. Few here would denounce the truth-seeker. More than this, Mr. Smith's paper does point up some of the confusions which derive from the imprecise working of the Study Group's statement of our proposals. These, as we have said here—and felt were implicit in the report—were aimed at reducing some of the regimens of control over bargaining while retaining the validity of the foundation of the bargaining principle. We might well have introduced in our statement some overt recognition of the fact that many of our alleged, if not yet fully verified, grievances concerning excessive government intrusions into the substance of bargaining and the voluminous and wasteful litigations turn not merely on the 8(a)5 and 8(b)3 requirements but on the statutory definition of bargaining. The report might therefore have attempted some further elaboration on recommended revisions which would make moot the mandatory and non-mandatory Board classifications, and so on. Indeed a colleague at M.I.T., Professor S. Jacks, has outlined precisely such elaboration which probably reflects what might have come out of further discussion by the Study Group had this been undertaken.

In any case, Mr. Smith has served to clear up some of the confounding connotations of the Study Group's statement on this one issue and we are grateful for this.

It is regrettable that the time for discussion at meetings such as this is limited. But we have had in the three papers delivered

this morning a further step in the public discussion of some of the Study Group's views and this all of us would welcome. For as we have noted in the report itself:

> . . . . We believe that there is much to agree about in this area and we hope that this Report may stimulate discussion by presenting issues sharply and that out of discussion involving union and management groups as well as the public generally can come a broader consensus than now exists on appropriate public policies for collective bargaining.

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Explicitly and by implication Professor Ulman is highly critical of the guidepost approach to wage restraint. First let me agree that there are many problems, which, if resolved successfully, could improve the efficacy of a guidepost policy. The data problem is particularly difficult. I understand that the need for measures of excess demand or supply in the labor market has been recognized and that the BLS is working actively on the problem. However, there is a basic difficulty in Professor Ulman's interpretation of the guidepost policy which leads to false expectations and to an unnecessarily harsh evaluation. The guideposts are not simply appeals to self restraint on the part of the parties. Their use as a policy tool does not assume that the parties will sacrifice their own interest for the public good. The guideposts are a means of applying pressure on the bargaining situation so that the participants will find their self interest to be more consistent with social goals. The guidepost approach is not a substitute for free collective bargaining.

Our society relies heavily on collective bargaining as a decision process. It takes place within the constraints and pressures of a complex political, sociological and economic environment. The publication and discussion of guideposts is an attempt to add a dimension to this environment.

The Council describes the path through which the guideposts might influence bargaining behavior:

> "An informed public, aware of the significance of major wage bargains and price decisions, and equipped to judge for itself their compatibility with the national interest, can help create an atmos-

> phere in which the parties to such decisions will exercise their power responsibly."

When we recognize the goal of influencing bargaining decisions through public opinion we can see how some of the problems discussed by Professor Ulman can be resolved. He is concerned, for example, that the guideposts do not provide unique answers in some situations. If an industry wage level is exceptionally low compared with the range of wages earned elsewhere by similar labor, but at the same time that industry could not provide jobs for its entire labor force even in times of generally full employment, the guideposts would lead to contradictory action. Some balance of objectives would be required to resolve the conflict before a particular wage decision could be evaluated. But the proper balance need not be determined by a government policy group. Informed public opinion, stimulated to a more explicit consideration of the problem, would develop its own balance between the two objectives. The guideposts would help the public understand the implications of different wage decisions. Government officials would be responsible for formulating and actively defending the policy they considered necessary and fair. Each of the parties would try to gain acceptance for the public goal that was more consistent with its private interest. The influence of the guideposts would depend on whether or not the debate resulted in a clear public choice, and on how much pressure the public could exert to obtain its goals.

The goal conflicts are not as great as Ulman suggests. He quotes the British White Paper to support his criticism that the efficiency criterion may not satisfy the requirement of price stability under conditions of full employment when there are likely to be scarcities of many kinds of labor. This view ignores the existence of fiscal and monetary policies designed to moderate the pressure of aggregate demand on the price level, and is based on a grossly over-simplified interpretation of the guidepost. The quotation referred to by Ulman goes on to suggest an obvious application of the efficiency criterion:

> "A shortage of labor within a particular industry or firm would not of itself warrant an increase in pay. It is only where the building-up of labor in one industry relative to others, or the prevention of a threatened decline is plainly necessary that an increase on those grounds could be justified."

If there were no strong argument for maintaining or increasing the labor supply in a particular industry, there would be no basis or reason

to support a larger than average wage increase on efficiency grounds. In most major bargaining situations there would be no confusion of conflicting guides. Substantial deviations from the principles established by the guideposts would be apparent to an informed public, and the direction of pressure required by the stated public policy objectives would be clear.

Ulman asserts that a high price would be paid for *ad hoc* governmental intervention to enforce a wage restraint program. I don't know what type of enforcement he is assuming. If he refers to strong attempts by government to marshal public opinion I disagree strenuously with his conclusions. There is no reason to fear a "reduction in the degree of democratic control of unions." The pressure on union officials to "deliver" is a function of membership expectations. The guideposts would be a visible part of the bargaining environment and strong public pressure for non-inflationary settlements would help to develop rank and file expectations which were consistent with public policy. As a framework for the negotiations, the guideposts would help the members understand why their leaders could not deliver the extravagant demands made by their less responsible rivals. A better understanding of the constraints faced by union representatives does not imply a loss of democratic control. The range within which free collective bargaining takes place would be narrowed by the effective application of guideposts, and to that extent there would be some loss of freedom. This alarm can, and usually is, sounded each time the public interest is asserted in any area. In my view the government has a responsibility to help the public understand the implications of private decisions that have widespread effects on the society.

The guidepost approach is relatively new in our society, and it is difficult to demonstrate conclusively that the guides have affected wage bargains. They certainly have led to a better understanding of the relationships among productivity, wages, costs and prices. The arguments over the meaning and application of the guideposts, such as those cited by Ulman, should be interpreted as evidence that the guides were affecting the bargaining process. The frequent complaints from the parties that their opponents were using the guideposts suggest that in many cases they were used to support bargaining positions, and perhaps narrowed the range of difference.

Some critics of the guideposts have argued that their publication has caused strikes, and Professor Ulman notes that mediators who were bound by these economic considerations would find it more

difficult to act as peacemakers. It is possible, however, that in other negotiations the guideposts provided a prominent solution in otherwise unstructured situations and increased the likelihood of agreement. It may be true that the weaker party will stiffen his demands or resistance because his position is supported by the guideposts and public opinion. In such a case, at least until the guideposts gain more general acceptance, a strike might be more probable than it would have been without the influence of the external standard. In my view we should be willing to pay the cost. Industrial peace is not the only measure of the social value of collective bargaining. If we believe that the parties should be free to negotiate agreements within the constraints of the environment, we should be prepared to permit the environment to act on the power relationships involved in bargaining. The power of aroused publc opinion acts in part through the threat of retaliatory legislation. If the public were as concerned about the possible implications of a settlement as they are about the inconvenience of a strike, the guideposts could have a powerful role in wage policy.

It will take time for an innovation of this kind to become an effective tool. The report of a working party to the Economic Policy Committee of OECD * describes a necessary condition for an effective guidepost policy:

> "Only if public opinion comes to regard breaches of the guidance as contrary to the public interest will the guidance acquire really effective force."

The goals of efficiency, equity and price stability should be implemented together with full employment and free collective bargaining. In the absence of a perfectly competitive market system to provide an equitable balance of interests, a guidepost policy is needed to help our complex economic structure satisfy public goals.

I regret that space constraints preclude a discussion of the stimulating papers presented by Professor Smith and Mr. Barkin. I agree with Professor Smith that the Report is on shaky grounds in recommending abandonment of the enforceable duty to bargain. Mr. Barkin's provocative argument gives too little weight to the public policy of free choice of union representation, and to the non-employer factors which have impeded the growth of labor unions.

*Policies for Price Stability: a report to the Economic Policy Committee by its Working Party on Costs of Production and Prices, OECD, November 1962.

Part VIII

PUBLIC POLICY TOWARD THE LABOR MARKET

LABOR MONOPOLY POLICY RECONSIDERED

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There are two apparently divergent traditions in economics and it seems necessary that a discussion of policy begin by distinguishing them and explaining why there is nothing to be reconciled.

One is the economists' quick readiness to prescribe policy. Adam Smith thought the herring buss bounty was too large; Maynard Keynes preferred policies that would cause wages to rise and product prices to be stable to those causing stable wages and falling prices when technology makes progress; Milton Friedman opposes medical licensure and the work of the Texas Railroad Commission. These are only stray examples that can be multiplied almost endlessly.

An outsider observing this rushing to the fray would be forgiven for thinking that one need only command the technique and substance of the discipline of economics to be instructed in the policies to be preferred among alternatives.

But the other tradition denies this. It asserts that economics has little to say about policy preferences. The linear descent of the idea that economics is a positive science—a science, using Maynard Keynes' words, of what is and not of what ought to be—is a long one. Nassau Senior said that the "Science of legislation" differs from political economy in its subject, its premises and its conclusions; John Stuart Mill wrote in the last of his *Essays on Some Unsettled Questions* that economics is not conversant with maxims of conduct and does not teach in what manner it is desirable to shape things; Neville Keynes said that "the function of political economy is not to prescribe rules of life. . . . It . . . stand(s) neutral between competing social schemes."

We are told by Lionel Robbins that it is well known that a wage held above the equilibrium level produces unemployment and that this prediction, derived from theoretical economics, is verified by experience in Britain in the period between the end of the First World War and the time he wrote his essay in the nineteen-thirties. But, he continues, "such a policy is not *necessarily* to be described as uneconomical" because "economics is neutral as between ends." A lucid recent exposition of the apolitical character of economics

appears in Milton Friedman's Introduction to his *Essays in Positive Economics.*

The two traditions are only apparently divergent but not really so. Economists are not only economists. In this capacity they are distinguished from other men, but they are also moralizers and in *that* capacity they are indistinguishable from others. Whatever they say that is derived from the training to which they are specialized is empty of ethics. When they speak as moralizers, on the other hand, they express preferences among ends and their preference functions are produced not by their instruction in economics but rather by the whole of their cultural experience.

This is not to say that economics is irrelevant to policy-making, but only that it is less than the whole story. If the policymaker desires to tax class X, it is useful to him to be told by the economist that appearances are deceptive and that the specific tax he proposes to levy will really incide upon class *Y*. If the policymaker desires to achieve goal *Z*, he can usefully be told the output loss that it will cost. But the economist *qua* ecomomist is not qualified to choose among goals nor among classes, nor can he say whether any goal is worth its price. This is the nub of the difficulty that puts the making of policy outside the economist's ken. Every policy has distributive consequences. The gaining of an end contains the losing of another; the service of a class contains disservice to another.

If it were not so, economics might govern. If the only result of the throwing-off of a tariff on bicycles were to reallocate resources more productively and to cause output to rise, economists could unequivocally favor such a policy. But if it has also the consequence of destroying the capital value of skills and assets specialized to bicycle making, economists who are asked whether there should be free trade in bicycles can only shrug their shoulders and say they are uninstructed. Just so must they do when asked about rules governing the size of mason's trowels, the number of men in longshore gangs, the assignment of firemen to Diesel locomotives, and similar cases *ad infinitum.*

This may seem to come perilously close to asserting that there is no public interest, but only competitive private ones. But it does not. Not all of the components of the universe of goals are of equal merit; it is only that *economics* does not teach their rank order of merit. Nor are all classes equally deserving of service at the expense

of others; it is only that *economics* does not teach which is most deserving.

I have said how little and how much the economist can say about policy until he steps out of his shoes and I have defined the roles appropriate to the economist and the citizen in the making of policy. I turn now to a discussion of what each may say about the national labor policy.

The national labor policy is divided into three parts. They are the definition of permissible standards of employment; the sale of some kinds of annuities and insurance; and the formulation of rules governing the procedures by which the terms of employment are privately defined. I shall treat only the last of these three—which conventionally goes by the name, labor relations policy—and even here, I shall ignore special cases such as those that prevail in the railroad and other transport industries.

Public labor relations policy can be described in a nutshell in the following way: sellers of labor services are permitted to combine, if they desire to do so; once such a combination is formed, those who employ the relevant class of labor are required to negotiate terms of employment with the combination; if employers are unwilling otherwise to consent to the terms desired by the combination, certain kinds of costs may be imposed upon them to secure their acquiescence.

This is, of course, a gross simplification of current policy, which can be found in the complexity of its detail only by reference not only to Acts of the Congress but also to decisions of the courts and of the administrative agencies. It will, however, do for our purposes.

In even briefer compass, the national labor policy can be said to permit the formation of monopolies in labor markets and to permit the exercise of monopoly power.

The intellectual rationale for this policy has undergone a metamorphosis over time. Although there were others, I think the primary early ground offered in defense of worker combination was the "equalization" of bargaining power. It was asserted that, in the absence of combination, workers would be at the mercy of the superior power of employers; they would be exploited. This will happen, of course, if a class of labor is, in some market, confronted by monopsony. In such a case, labor will be paid less than it contributes to the social output, unless it forms a countervailing monopoly. But those who have searched for monopsony in real labor markets have been hard put to find it. By and large, it seems to be

true that if one wants to buy labor services, he must bid them away from other prospective buyers by paying the "going rate." The competition of buyers imposes upon each of them the discipline of market imperatives. Employers appear to make "unilateral" decisions when they are not face to face with unions; actually they are subject to strong constraints.

The notion that unorganized workers are without options seems more and more to have fallen into disrepute, although it seems to have a remarkable power to persist at least at a legal fiction among brethren of the bench.

It is perhaps the growth of awareness of competition on the buying side of labor markets that has turned the rationale for worker combination and labor market monopoly to what is alleged to be another ground. The one that seems to have current favor is that combination performs the useful social purpose of permitting workers to participate in the legislation and administration of the rules of the workplace. Presumptively, if they did not participate in this process, the decisions of managers would be arbitrary (i.e., they would not be derived from some rule), or they would be abusive in the sense that the wrong rule would govern decisions.

This rationale, in principle, coalesces with the one previously discussed. Some rules have explicit, if only somewhat indirect, price effects; others have implicit price effects, since any rule that makes an employment more (less) attractive, all things considered, raises (lowers) the price paid in the relevant employment.

That is to say, if there is competition among buyers of labor, any employer who desires to secure a supply of it must pay the going rate not only in wages but in the sum of wages and rules. In the making of rules, too, employers are subject to market constraints.

In any case, there are something like fifty million people working in this country where combinations have not formed. If managers were grossly arbitrary and abusive, the evidence ought to be easily seen; it does not seem to be all that easy.

The contrived defenses for combination contain a plea for distributive justice in which the interests that have locked horns are seen to be owners of labor services and owners of tangible assets. This confrontation does occur. An input monopolist may tax owners of complementary inputs and capital is one of labor's complements. But all monopolies in labor markets are monopolies of particular

classes of labor and other classes of labor are also complements upon which levies fall.

Selig Perlman was quite right when he described the nature of the trade union in this way:

> The group then asserts its collective ownership over the whole amount of opportunity, and, having determined who are entitled to claim a share in that opportunity, undertake to parcel it out fairly, directly or indirectly, among its recognized members.

See the crucial phrases: "having determined *who are entitled to share*" *and* "parcel it out *among its recognized members.*" Not all are entitled to share and not all are recognized members. Some are in and others are out and all are workers. To Boston paperhangers, Cambridge paperhangers are out; to San Francisco bartenders, San Mateo County bartenders; to New York City bagel bakers, New York City breadbakers. Thus the horns that are locked are not only those of workers and employers but also those of differentiated classes of workers. And lest it be said, as some do say, that the industrial union case is different, I add what is surely superfluous for an audience of economists, a monopoly wage enforced in some industry will diminish the quantity of employment in it, compel redundant workers to go elsewhere, and press wages down there. This case, too, is included in the general case in which privilege for some workers is at the expense of other workers.

It is not uncommon to find arbitrators, judges, public policy-makers, academicians and men in the street who see only one struggle implicit in the combination question, where more than one exist, and for them to see the one with pejorative nuances and to be blind to the others. Even Perlman's probing mind failed to perceive the multiplicity of interests that were involved. "When the guild or trade union applies . . . 'rules for the occupancy and tenure of opportunity' . . . which abolish of check competition for jobs . . . it creates a solid bargaining front against (the) employer . . . and at the same time tends to bring about a distribution of the opportunity to earn a livelihood, fair to all." *"Against the employer,"* let it be noted, and not against excluded competitors for opportunity; and *"fair to all,"* and not merely fair to those admitted.

When the equitable or transfer-payment content of monopoly is understood, so that it is seen that monoply advantages some but damages others, and when this is coupled with the adverse aggregate output consequences of monopoly, is it not clear that the national

labor policy ought to be revised so that combination should be struck down in labor markets as it is now in product markets? The reply of the economist must be, "Not necessarily." Whether it should or not turns on whether the class advantaged is preferred to that damaged; on the magnitudes of the gain of the one and of the loss of the other; and on the magnitude of the output loss. One cannot say *a priori* which judgment will prevail. If one prefers general longshoremen in St. Johns, New Brunswick enough over coal handlers, scowmen, lumber surveyors and ship cleaners in that port, he will be prepared to have the other classes of workers suffer and the aggregate income of the province fall because none but general longshoremen may do particular classes of work during the summertime peak months.

At this point still, small, plaintive voices seem to say, "We have been led down a primrose path. We were told that economics is neutral among ends. But now the ends that are offered to choice are such that we clearly prefer one to another. If the alternative results are 1.) less output, pleasure for longshoremen and pain for scowmen, and 2.) more output and indifference between the two classes (say, random distribution of pleasure and pain among individuals in a coalition of longshoremen and scowmen), neutrals must surely prefer the latter."

To this plaint the appropriate response is, "If you are a moralizer whose values lead you to this judgment, you must perhaps worry a bit about labor market monopoly because it has consequences which are not consistent with your perception of the good society. For, even if you are prepared to accept a negative increment of output of some magnitude as a price not too high for some redistribution of income in society, your preferred distribution may not be produced by a system that gives monopoly power proportional to the degrees of inelasticity of demand confronting labor of different classes."

Let us suppose such a moralizer. Is his set of policy prescriptions clearcut? First, should he propose change at all? All combinations seek power but not all have it. The national policy permits monopoly, but has very much of it come into existence?

The evidence is mixed. A considerable quantity of research resources has been invested in attempts to discover whether unions have had wage effects. Some researchers have found substantial effects; others very little. It is interesting to observe, in connection with this research, that some who believe unions are good things

seem to find large wage effects (which would make them bad things on the criteria of our moral philosopher), and others who think unions are bad seem to find small wage effects (which our man would think proves them to be not very bad). Some of the most ardent anti-monopolists in the economics business are convinced that the pursuit of self-interest is so strong that powerful and sometimes subtle strategies are contrived that defeat the purposes of cartels in the labor market by opening gates that had been closed to check entry, by undercutting "standard rates," and by breaching restrictive-practice rules. If one desires that there be no monopoly in labor markets, therefore, it is not manifestly evident that there is a serious problem whose solution requires a change in policy.

On the other hand, even those investigators who find the quantum of monopoly to be small in the aggregate of all labor markets taken together, have discovered strong monopoly power in some of them.

Perhaps these are the cases at which the shafts of policy prescription should be pointed by those who prefer some other set of consequences than those produced by monopoly. There is no need to perform deep surgery to cut off a wart; besides, the patient may not submit.

A selective policy must have a discriminating instrument for its administration. To strike down combination everywhere is too strong if combination is troublesome only somewhere. To narrow the limits of the compass of any given combination—for example, by prohibiting bargaining with coalitions of employers—is wrong if compass and trouble are not correlated; and, in any case, students of this strategy have concluded that pattern-following and other tactics will sap the vitality of such a policy and render it worthless.

What then? If the means by which damage is done (as our hypothetical moralizer defines damage) are to be permitted by law, how are things to be set right? The answer perhaps lies in direct approach to the damage done. If some kinds of ends are what are objectionable, can they be defined and proscribed? This is a possibly plausible line of policy. In some countries, restraint of trade in product markets is not *per se* prohibited but only that which does violence to the "public interest." The public interest is defined by the legislature and specialized courts sit and hear specific cases and determine whether restrictive practices referred to their judgment shall be permitted to stand.

This need not be the procedure followed; numbers of variants

are possible. What is relevant, in principle, is the assignment to the public authorities of the responsibility for review of the content of the negotiated agreement and the standard rule.

For the most part, government in this country has used its levers to secure agreement but has been indifferent to its content. Let there be a stoppage and pressures have been generated to secure its end, on whatever terms. The most successful mediation officers are considered to be those who oversee the shortest and the smallest number of interruptions to work. "Industrial peace" is much commended and thought to be deserving of plaques on paneled walls. Great Secretaries of Labor are those who get the men back to work. The terms of settlement are rarely examined.

Personages who give advice in questions in this field have devised an intellectual defense for such a posture of policy. The workplace is a complex place, they say, and the rules that govern it must be diversely detailed. If these rules are forged in contests of parties immediately involved, who bear the costs of recalcitrance, they will be better than if rules are imposed from the outside. Government should, therefore, regulate the procedures of the industrial relations process, but not its substance.

The trouble with this formulation is that only some, but not all, costs are counted; third party costs are left outside the reckoning. The algebraically summed ends of the contending parties are advanced, but the ends thought by the moralizer to produce the good society are not, and, in the bargain, the private interests of noncontenders are harmed.

If the public policy were to look askance at some of the results of the exercise of monopoly power in labor markets, there must be criteria to be used to separate those that are suspect from those that are acceptable. There must be, that is to say, a specified preferred set of ends. This is a matter of taste and values. A panel of distinguished citizens recently announced its preferences: "efficient use of resources, economic growth, reasonable stability in the general level of prices, distributive justice, and avoidance of excessive conflict." This would be a possibly asseptable set if the internally inconsistent goals it contains were reconciled and the empty phrases [reasonable stability, distributive justice, excessive conflict] were given operational meaning. Or the criteria may be more narrowly written and include some such as these: do not impede the progress of discovery nor the full use of discovered knowledge; do not create

disincentives to work; ration access to monopoly rents by a rule of random process. Any set of ends will do that conforms to the consensus of citizens.

What has been suggested in this paper is a possible new line for public labor relations policy which might be found agreeable by those who object to a currently effective policy that permits some workers to be privileged at the expense of others, including other workers, and that permits combinations to cause sub-optimal solutions to the economic problem. It will especially be found agreeable by these people if the brows arch when they are told that the degree of freedom in society is inverse to the quantity of power lodged in government so that that society is more free in which the power of government to regulate the behavior of monopolists is least; or, contrariwise, if the hackle bristles when they are told that freedom is directly correlated with the quantum of power left in the private sector, so that that society is more free in which there is freedom to conspire to exclude outsiders and to share markets among insiders.

Moralizers who prefer privileged classes of workers to underprivileged classes and who are not disturbed by smaller output and less efficiency will want to let well enough alone.

AGENDA FOR WAGE-PRICE POLICY

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Other than in war emergencies, government efforts in industrial, non-Communist countries to limit wage and price increases by direct or selective means have been distinguished chiefly by their disappointing results. For much of the period since World War II, most European countries have enjoyed extremely rapid rates of growth and relatively stable wage and price levels, but in the last few years hourly wage rates and consumer prices in these countries have been moving up quite sharply.[1]

The record of postwar wage and price experience in the United States has been decidedly mixed. Since the Korean War, aggregate demand has not been in excess, except perhaps between late 1955 and early 1957, and the rise in the price level has been small compared to most industrialized countries. Allowing for quality improvements, prices to consumers have been virtually stationary since 1958 and the increase in the money wage level has slackened considerably. Substantial wage and/or price increases, on the other hand, have occurred in a number of key industries since the mid-Fifties, including certain export fields like metal manufactures; in some instances these increases have come in the face of distinctly poor business prospects. These developments, which reflect market control influences in considerable part, have had serious repercussions because they occurred in a slack environment marked by unemployment, excess plant capacity and balance-of-payments difficulties. There is evidence that such cost-push deflationary or inflationary pressures will be a continuing concern in the decade of the Sixties.

POSTWAR PUBLIC POLICY

In this country, each of the three administrations in office since World War II has decried excessive wage and price increases, and in addition to pursuing essentially similar monetary and fiscal policies, each has urged adoption of the productivity standard as a means for keeping such increases within bounds. Differences in government

[1] William Fellner and others, *The Problem of Rising Prices* (O.E.E.C., 1961), p. 46. In all of these countries, except France and the United Kingdom, wholesale prices have been relatively stable since 1953.

policy have chiefly come in the area of implementation. The Truman and Eisenhower administrations did not go beyond mild exhortation, while President Kennedy has tried to give his predecessors' policies some concrete meaning. Two bold steps were taken in the spring of 1962: certain guidelines for wage and price adjustments were suggested in the President's 1962 *Economic Report,* and heavy pressure was brought to bear on the Steelworkers' union aud the steel producers to keep wages and prices in steel within these limits.

As events turned out, the king was found to have no clothes on. No procedures were at hand to explain how the new criteria would apply in other industries. No machinery was available to win acceptance of the new policy. No means were provided to make sure that the policy would be respected by the government's own representatives, much less by representatives of the private interest groups. In a number of important instances, such as in the West Coast maritime and New York City trucking disputes, the settlements clearly exceeded the guidelines suggested by the government. The slowdown in the current recovery, however, has diverted attention to quite different issues, so the fact that the Administration's policy on wages and prices had to be announced without adequate preparation did not have particularly serious consequences. However, this issue is likely to come to the fore again, so it is important to consider whether any long-range measures for dealing with it might be instituted now. I shall review this question in terms of various policy choices first and certain aspects of postwar experience next.

THREE POLICY APPROACHES

Three approaches which the government might follow in dealing with excessive concentrations of power in labor and product markets have been widely discussed, but each is subject to serious difficulties.[2] The first is to appeal to the parties to follow policies of voluntary restraint, thereby keeping wages and prices below the levels the parties could impose if they exploited their market power to the full. Actually, to the extent private groups possess any measure of policy choice, the general public must assume they will exercise a considerable degree of voluntary restraint; otherwise, detailed regu-

[2] Specific aspects of these three approaches are reviewed by Emmette S. Redford, *Potential Public Policies to Deal With Inflation Caused by Market Power,* Study Paper No. 10, Jt. Econ. Committee, U. S. Cong., *Study of Employment, Growth and Price Levels,* 1959.

lations would be necessary in many sectors of the economy. In the labor area, proposals to mobilize public opinion, conduct tri-partite conferences and inject national considerations into private bargains all rest in part on the voluntary restraint idea. The case for subjecting the parties who are responsible for the most influential wage and price decisions to a more or less continuous barrage of questions, data, appeals and exhortations seems especially strong. If they have no policy discretion anyway, little harm will be done, but if they have such discretion, the parties might choose, in at least border-line cases, to be good citizens and respond. However, the main thesis advanced by critics of this approach, that it can not possibly reach enough parties over long enough periods of time to achieve significant effects, seems unanswerable. Surely, prior experience justifies no other conclusion.

A second school of thought holds that some type of direct regulation of wages and prices should be established. This school, needless to say, has even fewer supporters in and out of academic circles than the first group. Quite aside from its political impracticality, any proposal along these lines immediately runs into a cross-fire of critical questions: What standards would be used? What labor and employer groups would be subject to control? How could the standards be adapted to changing conditions? Would the workers' right to strike and the employers' right to set wages and prices be abrogated? Unless answers to these questions are supplied, advocates of direct controls hardly deserve a serious hearing.

Events, however, may still force some moves in this direction. Putting to one side the outbreak of open hostilities among the major powers, how much closer can direct conflict between the two great systems come without leading to government regulaton of major wage and price decisions in this country? The kind of pressure which the Administration, despite certain political perils, felt obliged to bring in the steel industry raises the question whether, in fact, the country has not already had to go much further down this road than is commonly realized. Thus, the possibility of some system of direct regulation will have to be reckoned with, dread as all its implications would be, if the major corporate and union groups were to insist on pursuing their own ends in disregard of the national welfare. In this sense the decision on this fateful issue is largely theirs to make.

The third approach is to remove various special economic protections and immunities which these groups now enjoy and let com-

petitive market forces have more effect in shaping wage-price settlements in the country's major industries—further reductions in tariffs, improved training facilities for jobs in expanding fields, lower taxes on cost-saving capital expenditures and the like. As spokesmen for the Administration have made clear, most of these are measures which would command support in their own right since they generally point to more efficient, and presumably more socially acceptable, ways of organizing the country's economic activities.

It should not be overlooked that if this approach were carried far enough to have a significant impact on wage-price trends, the government would have to expand its activities in ways that many proponents of this view would not welcome. The notion that wage and price setting arrangements would develop along competitive lines if only the government would let the parties in the basic industries run their affairs as they choose is as nonsensical as it is mischievous. The issue is not government vs. no-government, but rather where, when and how can government help or induce the major unions and corporations to arrive at wage-price decisions more in accord with competitive market principles.[8] A logical first step would be to make sure that existing legislation and public policies have a competitive orientation wherever possible, and that in its regulatory procedures, procurement activities and the like, the government does not unnecessarily add more strength to groups which already possess considerable market power.

Efforts to implement this last approach have not been aided any by some of the intemperate proposals associated with it. Among them, perhaps the most ill-conceived is the proposal to break up unions into single-company or local-area units in the hope this will make labor markets more competitive and lessen upward pressures on hourly employment costs. According to a closely related proposal, unions would be prohibited from representing workers on an industry-wide basis. While not usually stressed by its advocates, it would seem to follow from this view that large corporate organizations should be broken up into small, local units too. How the creation of a highly fragmented economy along these lines would affect the

[8] The contrary view has been stated in these terms: "During periods of peace, and in the absence of thoroughgoing wage and price control, no form of noncompulsory intervention can be effective unless it largely accepts the equities of the issues as argued by the parties." U. S. Dpartment of Labor, *Collective Bargaining in Basic Steel Industry* (1961), p. 10.

nation's total output raises disturbing questions to say the least. Insofar as wage setting arrangements are concerned, it is difficult to conceive of a policy that would be more disruptive. Experience in construction, maritime and other industries makes it abundantly clear that localized or fragmented bargaining tends to increase, not decrease, upward pressures on wages and thus on prices. Action along these lines would hardly be deserving of serious comment from an economic point of view if they did not continue to circulate among influential groups and if they were not so damaging to the broader, and in my judgment essentially valid, viewpoint that wage determination in a number of industries could and should reflect competitive market forces more fully than they now do.

While the Administration has not moved ahead very vigorously on any of these fronts in recent months, it has combined elements of all three of these approaches in its efforts to limit wage and price increases on a selective basis. Decisions have ultimately remained in private hands but the effective range of choice left to the parties has in some instances been tightly circumscribed by pointed recommendations and appeals. The main thrust of government intervention in the labor area, however, has been directed at settling major disputes, not at keeping the resulting settlements within economic bounds. The policy decision whether concerted government action in the latter direction is necessary still remains to be made. Postwar experience provides a useful framework for a review of this issue, and, accordingly, a few highlights of that experience are noted next.

HIGHLIGHTS OF POSTWAR EXPERIENCE

First, much the greater part of the postwar rise in the wage-price level followed a classic inflation pattern with aggregate money expenditures rising more rapidly than available supplies of goods and services. Over three-fifths of the 55% increase in the Consumer Price Index which occurred between 1946 and 1962 was concentrated in two brief periods dominated by war-induced pressures: 1946–48 and 1950–52. The rise in the cost-of-living between 1956 and 1958 can not be explained along similar lines but even in this period the very rapid, if short-lived, expansion in demand for capital and consumer durable goods proved to be an important influence.

Second, straight-time hourly wage rates plus estimated major income supplements of production workers in manufacturing rose at a compound annual rate of slightly more than 5 per cent per

annum between 1947 and 1961. While starting from considerably higher base figures, the comparable annual percentage gains in such strongly unionized industries as basic steel, railroads, bituminous coal, commercial trucking, automobiles and contract construction were somewhat greater than this during these years. Output per man-hour in the private economy only rose about 3 per cent yearly during this period and when adjusted for the rise in the cost of living, the annual gains in manufacturing wage rates also came to about 3 per cent between 1947 and 1961. As noted earlier, there was a marked slackening in money wage increases, plus estimated major supplements, over this period. The average annual gain in manufacturing came to about 6 per cent compounded between 1947–53, 4½ per cent between 1953–58 and 3½ per cent between 1958–61.[4]

Third, between 1953 and 1961 the economy experienced three mild recessions, unemployment exceeded 5 per cent of the civilian labor force during most of the period, and real national product increased about 3 per cent annually compared to 4 per cent in the 1947–53 period. There was some evidence during the 1953-61 period of perverse wage and price patterns in industries in which market power was highly concentrated either in union or corporate organizations, or in both—industries like railroads, bituminous coal and construction.

Fourth, the slackening business expansion in the 1953–61 period came after firms had made substantial additions to their productive capacity and a marked shift to technical and office salaried personnel had occurred in many manufacturing lines, especially in the heavy manufacturing field. As a consequence, these industries incurred substantially higher fixed costs at a time when sales trends were anything but favorable. Since employment of production workers declined sharply, however, the continued rise in hourly employment costs of these workers had relatively limited effects on costs per

[4] Data from Department of Labor and Department of Commerce. The comparative data for 1947–61 and 1958–61 are shown below for all manufacturing and six selected unionized industries.

Average Annual Rates of Change (Compounded) in Straight-Time Hourly Earnings Plus Major Supplements of Production Workers, All-Manufacturing and Six Selected Industries, 1947–61.

Period	*All-Mfg.*	*Auto-mobiles*	*Bit. Coal*	*Contract Construc.*	*Rail-roads*	*Basic Steel*	*Comm'l Trucking*
1947–61	5.1	5.6	6.1	5.3	6.4	6.5	5.7
1958–61	3.6	2.9	3.2	4.6	3.8	3.5	4.5

unit of output. In 1961, unit labor costs of production workers in manufacturing, including major income supplements, were only about 11% above their 1947–49 level and were actually lower than they had been in 1953; unit labor costs of wage and salary employees combined, by contrast, were 28% above their 1947–49 level in 1961 and more than 10% higher than their level in 1953.

Thus, viewing developments in the large, the market power of unions and corporations can not be regarded as a major independent factor in causing inflation, cyclical instability or a slackening in the country's long-term economic growth in the postwar period. Barring a marked change in the international scene, it therefore seems unlikely that any sweeping program of government intervention in private wage-price determinations will be needed.

At the same time, since there was evidence of abuse of market power by certain private groups, the government can not shirk the responsibility of keeping the spokesmen of these groups fully aware of the public interest aspects of their actions. Looking to the immediate future, the guidelines outlined in the President's 1962 *Economic Report* provide an excellent point of departure for efforts along these latter lines. There being no prospect of needing to use these guidelines as specific, legally enforceable ceilings in peacetime, little would be gained by reformulating or sharpening them. Rather, attention should concentrate on bridging the gap between the viewpoint expressed in the guidelines and the wage-price decisions of the largest and most influential union and corporate organizations.

GOVERNMENT POLICIES TOWARDS HIGH WAGE INDUSTRIES

In this connection it would seem in order for the Federal government to determine whether the programs in its various departments, without altering any of their basic objectives, could not contribute more to wage-price stability. Setting aside the question of total government expenditures and revenues, could not existing government policies be pointed more in this direction than they are now? The answer, it seems to me, is clearly in the affirmative. Many aspects of government policy bear directly or indirectly on wage and price decisions in individual industries—policies on tariffs, antitrust, tax concessions on plant modernization, support for product research and improved productivity, credit aid to new and small businesses, etc. If government policies in these areas could be pushed more vigorously and at the same time given a stronger competitive

orientation, the shelters surrounding some of the artificially high wage and price levels of key union and employer groups might well begin to disappear. These measures would admittedly have more effect on prices than on wages, so other competitive-oriented steps should be taken regarding the latter.

Various courses of action are suggested by the sequence of events in a number of recent important labor controversies. First, the government lends its good offices to preventing or ending a strike even if the ultimate settlement exceeds its own wage guidelines. Next, the employers involved, acting in the knowledge that all or most of their competitors are subject to the same settlement, decide how much of the cost increase can be passed on to buyers. If none can be, the firms must find other offsets or suffer the consequences. If, however, prices are raised, it is left to the customers, who may well include the government itself, to absorb the added charges or do without. Following revelations of the McClellan Committee, the Defense Department has disallowed the cost of uneconomic union practices at some missile construction sites, and the Atomic Energy Commission has also refused to cover exorbitant labor costs at certain of its installations, but these actions have been conspicuous for their rarity. If a public construction contract under the Davis-Bacon Act is involved, no union or non-union contractor can use a lower wage rate in submitting bids for public work no matter how high the new prevailing rate may be.[5] If a government subsidy program like the one in the maritime industry is involved, the new wage will be covered by larger subsidies and the additional cost shifted from the employers to the taxpayers. If rate regulations such as those under the Interstate Commerce Commission are involved, the higher wage will be covered by government authorized rate increases. In all these cases wage and fringe benefits tend to be relatively high and continue to mount still higher, a result for which the Federal government itself bears an important responsibility.

Counter market pressures may still intervene at any step in sequences of this sort, but the need for the government to tighten its procedures in these areas seems evident. Any moves in this

[5] See the 1962 hearings before the House Committee on Education and Labor, Special Subcommittee on Labor (James Roosevelt, Chairman). These hearings bear only indirectly on the issue under discussion, however, since they mainly concern the position of non-union contractors in smaller communities who are unable to bid successfully on public construction contracts because of the Davis-Bacon Act's requirements.

direction might well entail certain costs in terms of greater industrial strife, but at least the issue whether labor conflict or labor peace is in the long run more costly needs to be squarely faced. Accordingly, a concerted effort should be made to have public boards and other intermediaries give explicit recognition to the broader economic issues that may be involved in major labor controversies they are asked to handle rather than treating these issues, as now tends to be the case, as peripheral matters of no real consequence. Policies in the letting of public contracts should be carefully reviewed to determine whether taxpayers can be protected against the cost consequences of excessive wage increases. A re-examination of the administration of the Davis-Bacon Act in the light of these considerations seems particularly in order. The effects of the government's subsidy programs and rate regulatory practices should also be studied from this point of view. An energetic and imaginative appraisal of other phases of public policy might well uncover additional ways in which the government is undercutting its own efforts to keep the high-wage unions from scoring still more inordinate gains.

Turning to more positive proposals, increasing attention in this country is being given to removing barriers to job entry and improving facilities for matching workers and jobs. If existing restrictions on the distribution of employment opportunities could be reduced, the upward pressure on wages would be considerably modified as well. While union restrictions on job entry, including discrimination on grounds of race, are often exaggerated, they can be decisive in specific cases. These and other restrictions should be made the target of a continuing campaign to open up career opportunities for minority and other groups wherever the requisite demand for labor exists. More extensive aid should be given workers to find openings, to assist them in moving to new locations and to develop the necessary skills, thereby extending the program just recently initiated under the Manpower Development and Training Act. It would be most salutary in this connection if apprentice training programs could be stepped up greatly. If unions or other groups refused to cooperate in these efforts, the possibility of imposing legal sanctions would have to be considered. Indeed, with respect to racial discrimination in the field of job opportunities, action to this end appears long overdue.

The foregoing proposals relate to areas in which the government is already active and are designed to bring the government's

policies more in line with the wage-price guidelines proposed by the current Administration. Further steps would of course be needed to help bring about supportive changes in wage and price setting practices by union and employer groups. In some industries, consolidating various union organizations or centering more bargaining responsibility in their national offices might have important restraining effects. In others, developing stronger employer associations might also have a dampening influence.[6] The difficulty with these and similar proposals is that it is hard to see how they could be brought into being, at least by any action which government might take. Even if they could, an important first step would be for the government to review and tighten its own policies in this area.

Looking to the future, there will be a continuing need for discussion, analysis and appraisal of these issues. As already emphasized, it will be especially important to explore different means for relating general objectives of wage-price policy to developments in key industries. Again, it will be up to the Federal government to take the lead in these endeavors by working in close cooperation with the major labor and management groups. As a supplement to the work of the President's Labor-Management Advisory Committee, as well as to the activities of the various administrative departments and congressional committees functioning in this area, consideration should be given to establishing a National Industry-Labor Study Center for analyzing and appraising wage and price trends in key industries. The Center's chief responsibility would be to keep on the alert for any wage-price developments in specific areas which might endanger national policy requirements, and to advise the responsible government officials of any action that would be needed to protect the public interest. It would not be appropriate for such a body to seek to influence private wage-price decisions directly although it might be deemed advisable to make the results of its investigations public in particular cases. It follows that a watch-dog group of this sort would probably have to be set up on an inter-agency basis, even though it would of course have to be housed in one of the established departments or offices like Labor, Commerce or the Council of Economic Advisers.

[6] For further discussion along these lines, see C.E.D. Independent Study Group (Clark Kerr, Chairman), *The Public Interest in National Labor Policy* (1961), pp. 112–139.

CONCLUSION

The proposals developed in this discussion, which has been chiefly concerned with the role of the more influential unions in setting wage levels, have included certain features of all three of the approaches to wage-price problems outlined earlier. The principle underlying the proposals recommended here is that the government should pursue the long-range objective of keeping wage-price adjustments in key industries in line with underlying competitive market trends. For the immediate future, first priority must be assigned to getting the economy closer to its full-employment potential. Until a broad economic expansion gets under way, the danger of excessive wage and price increases can hardly be serious. The government, however, would lessen the danger of such increases in the future if it were to set tighter limits now on the market power of large labor and corporate organizations along the lines indicated in this discussion. If this were done, appeals for voluntary restraint and efforts to win the cooperation of union and employer groups might well have some effect. If they did not, recourse to more extreme measures would have to be considered.

DISCUSSION

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I had looked forward to Professor Rottenberg's paper with considerable interest, as I do to his writings generally; I had hoped for a tough-minded appraisal of our national labor policy, which needs review in a number of fundamental respects, and I had hoped for specific proposals for change. Those of us in the economic profession interested in labor market policy have been greatly remiss in allowing the slogan makers to formulate the issues and proposals for public discussion.

(1) Although it is a very large subject, I wish to record a dissent to Professor Rottenberg's discussion of the relation between economists and moral philosophers. I agree there are both roles and they need to be distinguished, but neither his dividing line nor definitions of the two roles are acceptable. Logical positivism is not an adequate nor a generally accepted philosophy; neither is it a satisfactory basis for the discipline of economics. The world is not to be divided between economic theorists and all others who are moral philosophers and all on a par. The relations between means and ends is not so simple. The choice of problems and the institutional constraints used in economic models are not entirely neutral.

Professor Rottenberg identifies certain branches of economic theory with the whole discipline of economics. While I agree that it is important to distinguish between economic theory and policy, all but a small part of literature called economics and of the time of men who earn a living in the profession is taken up with non-positive problems. Neither the community nor pure science can disregard this expertese in fields of taxation, international trade, money and banking, transportation and industrial organization—not to mention the labor field—where comparable problems of private good and public welfare are involved. The measurement of costs and benefits and the formulation and appraisal of alternative policies and institutional forms is not a task to be assigned to just any old guy simply because Professor Rottenberg regards all non-positive economists as no better or worse or no more or less useful than any moral philosopher.

(2) The discussion of the "intellectual rationale" of our public

labor relations policy requires comment. Professor Rottenberg says that "the primary early ground offered in defense of worker combination was the equalization of bargaining power." But he holds that the rationale in current favor is "that combination performs the useful social purpose of permitting workers to participate in the legislation and administration of the rules of the workplace." These statements led me to take from my shelves a few of the classics and re-read what economists had said about labor organizations over the past century: McCulloch, Senior, Thornton, Mill, Walker, Cairnes, Marshall, Edgeworth, the Webbs, Taussig, Bohm-Bawerk, H. L. Moore and others. There is a real need for a volume to trace historically the development of the analysis by economists of the consequences of labor organizations.

Lionel Robbins reminds us that ". . . once the War with Napolean had been brought to an end, there were none more forward than the Classical Economists and their friends to agitate the repeal of the laws that prohibited the combination of wage earners . . ." [1] Anyone who would now reverse the dominant conclusion of the economic profession on the question of public policy toward the existence of labor organizations must reverse a hundred years or more of considered judgment.

Economists have always been somewhat suspicious of intermediate bodies, it is true, such as labor organizations, which stand between the individual citizen and the state. They have been concerned that groups of producers exercising restriction or monopoly power would use such power against the rest of the community. They have been consumer rather than producer oriented. From the outset of the discipline, generations of economists have been concerned in the labor market with restriction of entry, apprenticeship, rules requiring the use of certain grades or type of labor, the effect of uniform wage rtaes or the standard rule. In the language of W. T. Thornton, who was relatively favorably disposed to the labor organizations, "There is no doubt that in the pursuit of their own separate and sectional objects, trades' unions are accustomed to proceed always without reference to the interests of labor in general, and often more or less in direct opposition to them. . . . Unionism cannot benefit one portion of the laboring population

[1] *The Theory of Economic Policy in English Classical Political Economy*, London, Macmillan and Co., Ltd., 1953, p. 107.

without, during a period of stagnation injuring the remainder, nor even in a season of prosperity, without at least shutting out the bulk of the laboring population from the advantages secured for a portion." [2]

But the significant point is that after detailed examination of the practices of labor organizations and collective bargaining, the main stream of economic discussion concluded that the distortion of resources was relatively minor. Economists pointed to the constraints on labor organizations arising from a whole series of factors, some more popular at one time than another; the effects of declines in profits, population increases, foreign competition, domestic competition, and the like. Moreover, the discussion of economists called attention to a variety of ways in which the behavior of labor organizations contributed, or could contribute, to improving the economic and moral position of the worker. In the final section of *Economics of Industry* Marshall specifically mentions the contribution of boards of conciliation in trades subject to foreign competition; the influence of unions in fostering "sobriety and honesty, independence and self-respect," their role in raising skill levels and their influence in releasing the "great stores of business power and inventive resource that lie latent among the working classes, so that production being economical and efficient, the National dividend may be large . . . ." [3]

The problem Professor Rottenberg poses had been discussed by economists for over a hundred years. It was the classical economists who opposed the combination laws and who concluded that on balance there was economic justification for labor organizations. The main stream of economic thought has been aware of the dangers of distortion by sectional interests, but it has found these dangers to be circumscribed by powerful forces and that labor organizations exert some positive influences on the national product.

(3) The central objection to the paper of Professor Rottenberg is that it considers only the possible adverse effects of collective bargaining on the economy without ever recognizing that there are beneficial economic effects. Any appraisal of the economic consequences of collective bargaining must seek an appraisal or a measurement of both. It is clearly wrong to measure the distortion in resource allocation created by collective bargaining and then assume that the

[2] *On Labour*, London, Macmillan and Company, 1869, pp. 287–288.
[3] Alfred Marshall, *Elements of Economics of Industry*, London: Macmillan and Co., 1893, pp. 408–409.

national product would otherwise be as large.[4] It is only one indication of the bias of the work in this field that enormous energy and ingenuity has gone into seeking to measure the distortion effects of unions, including the decline in national product, while no effort has been made to measure the contribution of collective bargaining to output and productivity although economic literature for a hundred years has been full of discussions of the ways in which labor organizations may increase the national dividend.

Among the major channels through which an increase may arise are the following:

(1) skill levels, adaptability and training of the work force
(2) information on job opportunities and improved mobility
(3) morale in day-to-day operations
(4) safety, accident prevention, health measures
(5) longer span of years in the work force
(6) product standardization in highly competitive industries
(7) continual pressure on management to be more efficient and to seek cost savings

Even a mathematical economist, Henry L. Moore, observed in 1911 "that labor organizations, through their powers of putting pressure upon the employer to increase the efficiency of his plant and organization, have a means not only of increasing wages, but of enlarging the national dividend." [5]

Any reappraisal of national labor policy made in economic terms alone must consider not alone the situations in which sectional interests are advanced at the expense of the general interest, but also the effects of labor organizations and collective bargaining on the national product and levels of skill and productivity in a modern industrial society.

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A very large part of labor is not organized nor is there any good prospect of it being organized in the forseeable future. The unorgan-

[4] See my "Comment" in *Aspects of Labor Economics*, a Conference of the Universities National Bureau Committee for Economic Research, Princeton University Press, 1962, pp. 341–344.
[5] *Laws of Wages, An Essay in Statistical Economics*, New York, The Macmillan Company, 1911, p. 189.

ized workers form a kind of sub-proletariat; organized labor is a new middle class, moneywise frequently ahead of the white collar workers. There are grave distortions in the wage structure, between industries and between skills, between the organized and the unorganized segments of the labor force, but also within the organized segment. It is, therefore, a valid criticism to point out that labor laws are geared mainly to the problems of established organizations.

Nevertheless, whether or not the consequences of unionism are largely economically beneficial to labor as a whole or to society as a whole, it must be acknowledged that unions do fulfill important social functions, though sometimes in a highly unsatisfactory manner. Unions can give the worker, e.g., by seniority, grievance procedure and in other ways, a feeling of human dignity, of security, of having a "relevant" voice in industrial society. Even if there might be not much difference in wages and employment as a whole between the organized and the unorganized segment of the labor force there are relevant differences in the status of the individual worker. These differences may exist without too much complaint because there is presently no redress in the individual case of the unorganized worker.

Institutions suited to fostering the social benefits of union organization should encompass more and more workers. In principle, some institutional arrangements ought to be preserved even at some loss of efficiency and of optimal allocation of resources. But every "monopoly" should have a definite price tag, the measure of the private and social cost. An ethical judgment will have to be made whether such costs are socially "worthwhile." Paradoxically, this means we ought to have more unionism but at the same time in important areas we ought to have less union power.

To exemplify the consequences, the so-called Right to Work Laws have been with few exceptions enacted only in states with low unionization and with weak unions. The enacted laws actually restrict the growth of unions which are weak, hence at least comparatively strengthen union power where it is already strong. Uniform Federal Regulation should hence be preferable.

Ethical judgments are fundamental to policy decisions. Whether we make them *qua* economists or *qua* human beings, it is important that we clearly distinguish what kind of statements we make and are explicit and consistent about them. Ethical judgments also are concerned with truth and are not just the consensus of the moral philos-

ophers. The consensus of moral philosophers, if obtainable, might be helpful to make the right ethical judgments generally acceptable.

Difficulties of analytical generalizations should not be construed as leaving the field to "institutional approaches." The more strongly we consider the longer run and the indirect repercussions the more do fairly abstract approaches become relevant. We will have to distinguish more carefully the different submarkets (localities and industries). We ought to pay more attention to the submarkets than some grandiose aggregative models permit. Neither a rich choice of models nor a perplexing array of facts help much in answering policy questions. We have to choose one or a few fairly realistic models and then consider appropriate legal and administrative changes. If in a model chosen long run considerations stand out more strongly, such preference is likely to be also more desirable on the policy level.

The basic ethical rule in a free society ought to be that government control is justifiable only to the extent that evils are clear and gross (private power possibly an evil), at the same time the remedies proposed are reasonably certain to substantially improve the situation without being likely to create too much undesirable side effects. I am much in agreement with Professor Rottenberg in regard to the characterization of the evils of labor monopoly. I am not too sanguine as to remedies. Action requires not only that we accept ends, that is standards, we must also accept views on efficacy of means. We cannot require certainty least we condone all existing evils nor should we experiment on mere chance.

Fundamentally, a more competitive order or approximation of it is necessary. Professor Pierson quite properly explores several avenues of approach. The steps to be taken may and should be small at a time but should be consistent and cumulative in their effects. They should seriously impair social structures developed over long periods of time only in cases of grave concern. Nothing is gained by a general discussion whether unions "are" or "are not" monopolies. Professor Pierson has adequately criticized the formalistic attempts of application of the Anti-Trust Laws to corporate business and to labor alike.

A promising though difficult approach in the right direction seems to me to promote a more competitive behavior through promoting freedom from corruption and from strongarm methods, to promote much greater freedom of entry into unions and to promote better preservation of rights of union members within a union. It is in this realm that federal, though not state, chartering for unions may be

not without merit. The whole strangely extra-legal status of unions has its well known historical roots but it seems not to have much present day justification. The improvement of public control over corporations and its management during the last generation may or may not have been completely successful but it has not destroyed or seriously impaired the enterprise system. Similar action in the union field would not seriously impair unionism.

Application of the Anti-Trust Laws to business may also help. In a markedly competitive industry, where there can not be concerted price rises, much of the most disturbing work rules and other undesirable features of unionism would disappear though in a slow and painful process. The building industry should not be mentioned as an example to the contrary because a great number of undesirable practices would not have survived there except for their support through local building codes and local law enforcement practices.

In many cases, approximate equality of economic power between union and management (in case more competition is not forthcoming) might be helpful, save for the great danger of collusion. Big unions facing big employers are more acceptable than big unions facing weak employers or strong employers facing weak or no unions. Automobile workers and steel workers may be adequately organized to face their industries, but may not necessarily be proper to face small employers only loosely connected with these industries. Yet I would be most hesitant to consider restricting industrial unions to their "proper" industries though this would decidedly alleviate problems of raiding. Industry itself, especially due to the recent merger movement, has become so "diversified" that the industry concept, dear to traditional economic theory, has lost much significance except that we need some rather arbitrary classifications largely for statistical purposes.

Stability of price levels is for many reasons a generally acceptable social goal. Considerable wage rises have occurred in some industries with poor business and employment prospects. In some cases the labor cost increases are largely due to more and better paid salaried workers and due to research cost. "Cost push" inflation caused by organized labor exists though its extent is somewhat smaller than widely assumed. Dangers will become aggravated in time of better business performance. It is not necessary that implementation of public policy be alike everywhere. Exhortations, even if they are construed as threats, have a distinct, though limited, place. Government as an ever more important buyer, can do much. The slowing employ-

ment in the highly organized fields (e.g., manufacturing) and the diminished importance of production workers (the most highly organized segment) seems to make the wish for major changes less urgent. Far reaching steps might be considered mainly where, for other reasons, public price determination already exists (e.g., railroads and utilities, and, perhaps, some completely government controlled industries, like missile installations and others).

The policies of the supervisory agencies as well as the policies of letting and supervising government contracts ought to be coordinated but there must be a focal point somewhere. It should rather not be a new agency. An operating agency, perhaps the Department of Justice, basically now entrusted with application of the Anti-Trust Laws, may be more helpful than a Study Center. The operating agency will, of course, need ample systematic research in some form or another.

Most important, we will need a set of moral standards. The economist, mindful of his limitations might, perhaps, help to supply them as a human being. Professor Viner has put it aptly: "The scrupulous concern lest they encroach upon the fields of other sciences which economists often express in their theoretical discussions of the proper relations between economics and ethics is, fortunately for the value of their work, not greatly in evidence in their actual research and teaching. Overlapping is inevitable in the social sciences in their present stage of development. Economics although most outspoken as to its dangers, is no less enterprising than the allied sciences in extending the range of its activities extensively as well as intensively." (American Economic Review, Supplement, March, 1922, reprinted in The Long View and The Short, The Free Press, Glencoe, Ill. 1958 p. 8.)

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"When *I* use a word," said Humpty Dumpty to Alice in a scornful tone, "it means just what I choose it to mean—neither more nor less."

"The question is," replied Alice, "whether you can make words mean so many different things."

It needs hardly to be stated that competition is a good word in the lexicon of public policy in our supposedly competitive economic

system. But competition, it is plain, means different things to framers of public policy.

For the theme I find woven throughout the Pierson and Rottenberg papers is a hard one for—to use the Rottenberg phrase—"moral philosophers" of competition to down: The theme is a somehow legal restraint of trade among sellers in labor markets. In Professor Pierson's paper the theme comes through pianissimo: he seems to hint at it, and at one point refers to "special economic protections and immunities" granted to favored groups as a matter of public policy. In Professor Rottenberg's paper, the theme comes through fortissimo. National labor policy permits, he boldly says, "formation of monopolies in labor markets . . . and the exercise of monopoly power."

Thus no little incongruity emerges in public policy. On the one hand, public policy sanctions non-competition for employees—or more accurately, for the employees' representatives—while enforcing strict competition among employers. I know of no more striking double standard in public policy.

Ever since the Clayton Act's antitrust exemption for trade unions, we have seen public policy increasingly enforce a competitive standard on the business sellers of goods and services. The enforcement has reached a point where mergers are ordered dissolved, joint marketing agreements stopped, intercorporate stock investments liquidated, and business executives sent to jail for conspiring to fix prices.

At the same time, public policy permits trade unions to do virtually the very same things that for business firms are illegal. Trade unions are permitted and indeed encouraged to carve out regional or occupational job markets for the exclusive use of particular unions, to band together and fix job prices for an entire industry—and indeed to shut down an entire industry. Again, trade unions are enabled to force unwilling employees to join a union or pay equivalent cost of dues or else risk dismissal from their jobs; to force employers to deal with one and only one union; to represent and bargain for all employees in the bargaining unit, including those who want no union or who strongly desire some other union; and to deny membership to any worker in the bargaining unit on any grounds, or on no grounds at all. Moreover, trade unions are allowed a surprising degree of immunity from prosecution in the use of coercion and even overt violence in strikes, picketing, and secondary boycotts.

The ramifications of the double standard do not end there. Unions have practically complete immunity from injunctions by Federal Courts and authority to use union funds for purposes not related to collective

bargaining, including political purposes, even where union membership payment of dues is mandatory to all workers. Some unions also have the right, in certain instances, to inspect company accounting records and other confidential data. Too, unions enjoy exemption from taxation and from liability for personal or property damage to employers or to others by union members involved in union activities, such as in strikes and picketing.

The double standard has still other ramifications, all attesting to a determined push toward vigorous competition for management and an equally determined push away from competition for unions. As Professor Pierson pointed out, under the Davis-Bacon Act, taxpayers are being saddled with the "cost consequences of excessive wage increases" in missile base contracts and elsewhere. Similarly the Walsh-Healy Act sets up minimum wages and maximum hours for government contracts. And in addition "fair labor standards" legislation sets ceilings on hours and floors under wage rates in private contracts. In the face of "hard-core" national unemployment, the wage floor was raised 15 cents in September 1961, and will be given another lift of 10 cents in September 1963. I know of no equivalent price floors under the selling prices of business.

So it is plain that public policy toward the labor market has been used in one way or another to prop wage rates and advance trade union monopoly power—policies not exactly compatible with the tenets of a competitive order.

Were the double standard productive of higher real wages and greater economic growth, it might be worth the candle. But experience, as Clark Kerr showed in a 1957 study, indicates that, with minor exceptions, "trade unionism in the United States to date has had no important effect on labor's share" of the national income.[1] This observation ties in with similar findings of Sumner Slichter [2] and Paul H. Douglas,[3] although the Slichter and Douglas studies covered periods earlier than those covered by Clark Kerr. Yet the period of the Kerr observations—from 1929 to 1954—covers a marked switch in public policy, from mostly trade union neutrality to trade union protagonism, from mostly trade union competition to trade union insulation from competition.

[1] In *New Concepts in Wage Determination*, edited by George W. Taylor and Frank C. Pierson (New York, McGraw-Hill, 1957), p. 287.
[2] In *Trends in Collective Bargaining* (New York, Twentieth Century Fund, 1945), p. 218.
[3] *Real Wages in the United States, 1890–1926*, by Paul H. Douglas (Boston, Houghton-Mifflin, 1930), p. 562.

Well, if trade unionism has not significantly increased labor's share of the national income, from where have its "gains" come? Perhaps it seems too elementary to state that wage rates depend on the marginal product and that, therefore, wages can only come from production—that is, from *sold* production. Hence wages are paid essentially by customers—i.e., consumers. In short, employers are but intermediaries. In effect they don't pay wages; consumers do. This means that where organized labor has won substantial gains, it has won them largely from the unorganized, who are in large measure the low-income groups. Thus the wage-price spiral is regressive in nature, striking the unorganized low-income groups harder than the organized higher income groups.

But suppose the customer won't pay the higher price for a pair of shoes or a ton of coal. What then? Then employment turns to disemployment to unemployment. In other words, in insulating trade unions from competition, public policy has apparently given trade unions too much of a seemingly good thing, with the result that trade unions have all too often priced themselves out of markets.

Here in Pittsburgh, for example, we are at the focal point of two sick industries: steel and coal. In both, unemployment is extremely heavy. In both, wage rates are extremely high. Is this a coincidence? I think not. I think the demand for labor is highly elastic. Permit me to quote from Paul H. Douglas' study, *The Theory of Wages,* in which Douglas offered some most interesting arithmetic: "If wages are pushed up above the point of marginal productivity, the decrease in employment would normally be from three to four times as great as the increase in hourly rates so that the total income of the working class would be reduced in the ratio indicated above." [4]

To be sure, freedom of association is basic to a free society and collective bargaining is administratively inevitable and frequently desirable in a mass-production industrial society. Moreover, a good society should invalidate collusive attempts by employers to press down wage rates below free market levels.

But here lies the crux of the question: If a cartel to depress wage rates or to rig product prices is reprehensible as a matter of public policy, how can it be that a cartel to raise wage rates above the free-market level, with its probable disemploying effects, be desirable as a matter of public policy? Surely this is a situation—to go back to *Alice in Wonderland*—that gets "curiouser and curiouser."

[4] *The Theory of Wages,* by Paul H. Douglas (New York, Macmillan, 1934), p. 501.

Part IX

BALANCED AND DEPRESSED LABOR MARKETS

PUBLIC EMPLOYMENT SERVICE OPERATIONS IN A CLERICAL LABOR MARKET

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Three decades ago the Wagner-Peyser Act established the public employment office system as the Government's chief means for promoting balance of manpower resources and requirements in local labor markets. Industrial relations scholars were enthusiastic supporters of the act for it lent support to the scholarly hope that central labor exchanges could be established to reduce frictions and defects in local markets.[1]

Thirty years later our more reasoned expectations for the employment service system are not so optimistic. In the period since World War II labor market investigations have consistently found that workers seek jobs and employers obtain labor by methods that tend to preclude extensive employment office use. The same studies have detailed numerous structural and behavioral features in manual employment markets that magnify difficulties the employment service faces in its efforts to expand and improve operations.[2]

Of course local labor market research has focused almost exclusively on blue collar employment. We know relatively little, therefore, about the structure and operation of other types of markets where increasing proportions of the labor force are employed.[3] Because of this research gap, we also have very little solid information about the accomplishments of public offices in white collar employment activities.

In a recent study of the clerical labor market in Madison, Wis-

[1] For a comprehensive discussion of the employment service in its early development, see R. C. Atkinson, L. C. Odencrantz, and B. M. Deming, *Public Employment Service in the United States* (Chicago: Public Administration Service, 1940).

[2] For a summary of findings of local labor market studies pertaining to the job seeking processes of workers, see Herbert S. Parnes, *Research on Labor Mobility* (New York: Social Science Research Council, Bull. 65, 1954), pp. 162–165. A discussion of problems the employment service faces in adapting procedures to markets can be found in Lloyd G. Reynolds, *The Structure of Labor Markets* (New York: Harper & Brothers, 1951), pp. 266–275.

[3] An exception to this manual worker research emphasis was reported before this association in 1957. See George P. Shultz, Irwin L. Herrnstadt, and Elbridge S. Puckett, "Wage Determination in a Non Union Labor Market," IRRA *Proceedings* (December 27–28, 1957), pp. 194–206.

consin we observed a public employment office that operated most effectively to attain public labor market objectives.[4] During the nineteen-fifties, when area white collar employment increased appreciably, the local employment service developed procedures for recruiting, screening, and placing a majority of female entrant workers who were the predominant source of labor in local clerical employment. The public office served as principal market intermediary by operating a placement system that offered workers multiple job referrals and exposed job seekers and hiring firms to considerable market information.

The case is exceptional, first, because the service was dominant in market activity to an extent that would not be anticipated in the light of past research findings. Second, while other studies have suggested that market characteristics may limit the scope of public office activities,[5] in Madison the employment service specialized its efforts to take advantage of white collar market features that favored development of its programs. Third, the service gained broad acceptance from market participants by organizing its functions along lines that overcame common worker and employer prejudices against the use of public employment facilities. The methods used to win local approval are interesting because employment service personnel developed them without benefit of expert advice. Nevertheless, the methods conformed very closely with suggestions labor market investigators have offered for improving service operations.[6]

In addition, the activities of this public agency had an identifiable influence on the behavior of workers and employers in terms of their responses to economic incentives. The office's referral system brought market participants together in hiring circumstances

[4] This report on employment service operations in Madison is derived from a general study of the female clerical market in that city that was performed in the period 1958 to 1960. Eaton H. Conant, *Wages and the Behavior of Firms and Workers in a Clerical Labor Market*, unpublished Ph.D. thesis, University of Wisconsin, 1960. The thesis study examined inter-relationships between local wage patterns and the market experience of clerical employers and workers. The findings reported were based on data from employment records and interviews with market participants, including company and worker samples.

[5] See, for example, George B. Baldwin, "Talamusa: A Study of the Place of the Public Employment Service," *Industrial and Labor Relations Review*, Vol. 4 (July 1951), pp. 509–526.

[6] Reynolds, *op. cit.*, pp. 266–275.

that often permitted employment decisions to be made with discriminating rationality.

This report discusses the operations of the employment service and describes the effects of these operations on employer and worker behavior. Some initial comments about the employment and industrial characteristics of the local community will provide background for this account.

II. AREA EMPLOYMENT CHARACTERISTICS

Madison, the State capital, had a 1960 population of 126,706 and an urban labor force of 55,352.[7] Clerical employment is a significant part of local employment because numerous public agencies, professional offices, and financial institutions are located in the city. Nearly 25 per cent of the local employed labor force were in clerical occupations during the period of our study. Almost 17 per cent of these clerical employees were female workers.[8] Detailed employment data for Madison are presented in Table 1.

TABLE 1
Major Industry Group of Employed Workers, Madison and U. S. Urban, 1960 (Per Cent of Total)

Major Industry Group	*Madison* [a] *(Urban Area)*	*U.S.A.* [b] *(Urban)*
Manufacturing	15.6%	28.2%
Prof. & Related Services	27.9	12.4
Personal Services	5.5	6.4
Transportation, Communication & Other Public Utilities	5.1	7.6
Construction	5.3	5.5
Finance, Insurance & Real Estate	5.2	4.9
Wholesale & Retail Trade	19.4	19.7
Agriculture, For. & Fish	1.3	1.1
Business & Repair Services	2.1	2.7
Entertainment & Recreation	0.7	0.9
Mining	0.0	0.6
Public Admin.	8.7	5.5
Ind. not Reported	3.2	4.5

[a] Table No. 75, U. S. Bureau of Census. *U. S. Census of Population: 1960. General Social & Economic Characteristics.* Final Report PC(1)-51C, USGPO, Washington, D. C., 1961.

[b] Table No. 91, U. S. Bureau of Census. *U. S. Census of Population: 1960. General Social & Economic Characteristics. U. S. Summary.* Final Report PC(1)-1C, USGPO, Washington, D. C., 1962.

[7] United States Department of Commerce, Bureau of the Census, *United States Census of Population: 1960,* Report PC (1)-51C (U. S. Government Printing Office, 1961), p. 205.

[8] *loc. cit.*

Manufacturing does not tend to dominate in city employment as it does in many other American communities. In recent years only 6 manufacturing establishments employed over 250 workers and 4 of these provided work for almost one-half of local blue collar employees. These few large firms were conspicuous to manual job seekers. They had their own established hiring channels and used public office facilities to a very limited extent. Employment service personnel adjusted their programs to these local patterns by stressing development of a placement operation for the entry female clerical market. This emphasis evolved because hiring activity in local clerical employment was concentrated at entry job levels.

The clerical market was essentially an entry market where firms with diverse size and industry affiliation characteristics hired young women from common high school sources. More mature females made up a significant minority of local clerical workers, but they had relatively stable work attachments in comparison to school graduates and did not frequently participate in the active job market. The younger workers who entered the market from school usually exhibited brief participation patterns. Companies commonly experienced 30 per cent turnover in their clerical positions and their employment offices faced continuous replacement problems.[9] Recruiting and hiring arrangements consequently dealt largely with clerical curriculum graduates.

The employment experience of firms was further complicated by a long-term full employment situation in clerical occupations during most of the post-World War II period. In these years, companies often had unfilled vacancies of short duration and hiring standards were sometimes difficult to maintain. Local statistics indicated that this long-term labor supply situation was influenced by basic demographic factors.[10] In any given year, however, the

[9] Our observations on company experience stem from a two year period of observation of 20 firms. In addition to interviewing at these companies, we followed developments in other area companies by interviewing employment service personnel, by studying local wage surveys, and by inspecting placement records at the public office. The twenty firms employed between 30 and 40 per cent of clerical workers in the area during the nineteen-fifties.

[10] The data indicate graduates of local schools decreased in number during the nineteen-fifties when commercial and government activity was expanding. For instance, from 1948 to 1958 city population increased by 27,000 and the economic base developed accordingly. But high school graduates decreased from 968 to 821 in that period. The graduates of the fifties were born during the low birth rate depression decade. Data on graduates from: Wisconsin Department of Public Instruction, *Thirty-Eighth Biennial Report.* (Madison, Wisconsin: 1958), p. 93.

balance of labor demand and supply was particularly influenced by a characteristic hiring cycle that occurred because firms concentrated recruiting efforts during graduation months, the only periods when workers entered the market in large numbers. During these late spring and early summer months recruiting efforts were especially aggressive because all firms faced the same school sources of labor supply. The local employment office was able to work for a better balance of manpower requirements and scarce job applicants by operating effectively to organize this graduation recruiting "rush."

III. THE OPERATION OF THE EMPLOYMENT SERVICE

The administrative arrangements of the Federal-State employment office system are deliberately devised to give local office personnel discretion to adapt operations to market circumstances. In addition to assisting with unemployment compensation "work tests" and cooperating in defense or area manpower programs, the major functions the offices perform include recruiting and placing area labor, encouraging occupational and regional mobility, and gathering and distributing labor market information.[11]

In Madison the employment service became the major clerical intermediary by developing its recruiting, placement, and informational functions in ways that effectively accommodated to the peculiarities of this market. Service personnel originated screening and placement procedures that obtained the confidence of workers and employers. A basic feature of the program was an effort to screen workers with proficiency tests so companies would have confidence in office referrals. The service also attempted to secure notification of job openings from as many local employers as possible, and entrants who used the office were provided with reasonably detailed information about nonwage and wage aspects of openings. The most important feature of the program was a multiple referral system that circulated workers among many companies during graduation recruiting periods. This system of arrangements was supported by a school contact and recruiting program that operated prior to graduation months.

The agency worked to increase the supply of entrants by visit-

[11] A review of the role and functions of public employment offices in local labor markets may be found in Louis Levine's article, "Problems in Labor Market Organization and Administration," in the IRRA volume, *Manpower in the United States,* Harper, New York, 1954.

ing schools in the city and the surrounding region prior to graduation periods. In recent years 25 schools within a 50 mile radius of the capital were visited. On these occasions students were informed about employment opportunities, the placement system, and were given clerical proficiency tests. Over time the service became known to graduates throughout the area as the central employment intermediary and entrants used the facilities extensively. In 1958, a representative year for which data are available, 60 per cent of clerical curriculum graduates from towns in a 10 mile radius of the city, and almost 25 per cent of those in towns 30 to 50 miles distant sought work in Madison. Three-fourths of all area graduates that entered the market in 1958 used the office.[12]

The referral system that was used to circulate workers was organized to maximize employer and worker exposure to each other. Small groups of girls were sent out in the postgraduation period to visit several companies in any one day. Companies consequently were exposed to many applicants and employers had to identify and obtain acceptances from preferred girls in these small groups. Firms necessarily increased their efforts to give workers job information and the employment horizons of workers tended to be enlarged accordingly. Graduates were often exposed to company tours, position inspections and wage and nonwage information in addition to job data that was provided by the employment service. Entrants were not limited in the number of referrals they could obtain through the system. In 1958, applicants averaged three referrals each to firms.

Relations with city employers were developed and sustained by a vigorous promotional effort. A primary selling point for the program was the availability of proficiency tests results for referred workers. All companies could obtain the test results the service used to screen and classify applicants in the occupational code. Hiring standards of city firms were very much influenced by the availability of these test scores, and the scores were widely used as market norms for distinguishing between more or less proficient applicants. Com-

[12] All data on worker and employer use of the office were obtained from local employment office and school records. In the late nineteen-fifties the service placed over 2500 female clerical workers annually. In 1960, 11,000 women were employed in clerical occupations. To obtain a very general estimate of the proportion of all local clerical hires the 2500 represented, we can relate employer estimates of 30 per cent turnover to the 11,000 total figure, and thus assume the office filled approximately 2500 of 3300 annual female clerical vacancies.

panies made maximum use of the tests because the graduation recruiting competition involved efforts to hire workers of superior proficiency. In this market we could identify a situation where the extensive use of proficiency tests had fostered a market wide system for "grading" workers according to their test results. Thus it was not unusual to hear employers in the city discuss hiring standards largely in terms of references to "A," "B," and other classes of workers as designated by test score categories. The study, therefore, observed the functioning of an employment service that had unusual impact on both qualitative and quantitative labor distribution processes in this market.[18]

In the space remaining for this summary report we will consider, first, implications this case may have for employment service operations generally. Our prescriptions will be restricted because experience from this case may be generalizable only in limited ways to other types of markets and situations where there is less than full employment.

IV. CONCLUDING COMMENTS

The Madison case illustrates the operation of an exceptional referral program. In this market, under conditions where clerical employment was expanding, the employment office worked efficiently and deliberately to improve its services. It is appropriate to inquire, speculatively to be sure, if experience from this case is transferable to other labor market situations.

The program enjoyed success in part because of features associated with clerical employment. Workers in this market could be contacted, tested, and induced to use the service at common school sources. Their similar graduation dates also allowed the office to operate as an intermediary, and the demand situation of firms contributed to their propensities to use the facilities. Finally, the skills workers offered in the market could be rather readily tested. The

[18] In a forthcoming issue of the *Industrial and Labor Relations Review*, we report results of a statistical study of relationships between inter-firm hiring salary differentials and the relative proficiency of workers hired by different companies. We correlated proficiency test scores of entrants with salaries they received and obtained positive and significant correlations between these variables. Space limitations here do not permit extensive discussion of measurement procedures and results. See Eaton H. Conant, "Worker Efficiency and Wage Differentials in a Clerical Labor Market," *Industrial and Labor Relations Review*, forthcoming in 1963.

employment service, therefore, was able to screen workers to gain employer confidence in the quality of applicants.

The procedures used in Madison appear to be basically applicable to employment office operations in other entry markets. Demand conditions may differ and different proportions of workers may seek jobs at entry levels. However, many clerical markets have similar characteristics that favor development of an active program.

The relevance of this case for operations in blue collar markets is difficult to determine. Manufacturing employers hire the greatest numbers of their employees from gate applications and employee referrals. But they increasingly tend to concentrate outside hiring at entry levels and try to recruit young, educable, workers who will form long-term plant attachments. Employment offices that recognize this trend can perhaps expand activities in manual markets by developing school contact programs and establishing referral systems. To the extent that public offices can organize programs of this nature, they can alleviate youthful worker employment problems that will persist in the decade of the sixties.

Our discussion has indicated that the employment service organized the clerical market in ways that permitted many individual buyers and sellers of labor to confront each other during a very active hiring period. Persons who have special interests in wage determination topics will be curious to know how the activities of this intermediary influenced worker and employer responses to economic incentives and market forces. Our assignment for this session was to report on the operations of the employment service, and we cannot, in the time permitted, offer extensive comments on worker and employer behavior and wage determination processes. In concluding, nevertheless, we do want to note that our study in this white collar market observed structural and behavioral patterns that contrast to those that have been identified in manual worker studies. Furthermore, our findings pertaining to relationships between market organization, behavior, and wage relationships conform closely with findings reported by Shultz, Herrnstadt, and Puckett in their Boston clerical study.[14]

In Boston, Shultz and his associates found that intermediaries placed many workers and provided sufficient knowledge of alternatives so that lower paying firms were penalized when significant num-

[14] Shultz, *op. cit.*, pp. 194–206.

bers of workers chose jobs with better paying companies. The Boston investigation also found that employers responded to worker preference patterns in a tight labor market situation by making important wage and nonwage adjustments. In the Madison study, we observed that the employment service placement system offered workers sufficient referral opportunities so that employers adjusted wage and hiring policies to accommodate to pressures from the supply side of the market.

We must neglect further elaboration about worker and firm behavior because of space limitations and the more narrow topical assignment we were asked to fulfill at this session. However, these final and brief comments on wage determination matters may serve to indicate, first, that the employment service office we studied had an identifiable impact on wage relationships and company hiring experience. We do not mean to imply that this intermediary solely distributed market rewards and punishments to the firms. But it functioned within the context of local supply and demand parameters to condition potential impact of market forces. Finally, then, the study of this intermediary has provided observations on market structure, and behavior of white collar firms and workers, that are additive to those of the Boston study and contrast to manual worker observations. It is trite and traditional to quit a report with the comment: "We need additional research to explain and clarify these similarities and contrasts." Let me extend that tradition.

SOME CONCEPTUAL AND METHODOLOGICAL CONSIDERATIONS IN THE STUDY OF JOB DISLOCATION

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Students of the labor market who study job displacement do not share a precise definition of job displacement, nor do they agree on how observations about job displacement should be incorporated into a general theory of labor market behavior. This lack of agreement is, in fact, the reason for this paper since it explores both conceptual and methodological issues raised in the study of job displacement. The discussion that follows will be clearer if we review briefly the general perspectives and objectives of job displacement research in the United States to date.

The Study of Job Displacement in the United States (1929–1961)

Although various pieces of research have dealt with the problems unique to particular labor markets, research into job displacement has repeatedly emphasized four major problem areas: 1) factors associated with the re-employment of displaced workers; 2) labor mobility of displaced workers; 3) process of finding a new job; and 4) economic and non-economic consequences of job displacement.

These problem areas have each given rise to a series of specific research questions. Regarding factors associated with reemployment, the tendency has been to see what part is played by personal and status characteristics of the displaced worker in finding a new job. Thus skill, education, age, race, and sex are singled out as possible determinants of reemployment. Frequent emphasis has also been placed on the role of institutional aid in facilitating reemployment. In this latter case, retraining, transfers, and financial aid from public sources may be evaluated as factors aiding reemployment.

The following are typical of the questions raised on labor mobility. What changes, if any, do displaced workers make in skill level, occupation, and industry when moving to a new job? What geographical changes take place among reemployed workers? How permanent are the new jobs and how satisfied are the workers with them?

Probably no problem has received as much attention in job displacement research as the process of finding a new job. What types of job referrals are successful? What role, if any, is played by state and private employment agencies? Is job-seeking rational and systematized, or is it random behavior?

Finally, some attention has been paid to the economic and non-economic consequences of job displacement. What changes occur in expenditure and saving patterns? What changes in family income take place? These are questions about economic consequences. Sometimes, questions about non-economic consequences of job displacement are raised. For example, what changes occur in the authority structure within the family? Is there a shift of responsibilities among family members? Does job displacement affect the worker's mental health?

I have commented on the content of such studies. What about their frequency? In a recent work undertaken with William Haber, a count was made of job displacement studies conducted in the United States since 1929.[1] We limited our count to plant shutdown studies where job separation was permanent. The count did not include a number of studies for which published data were not available, nor the confidential studies conducted by the federal and state governments on business firms. The total count was seventeen studies—this over a thirty-three year span! These seventeen studies covered twenty-one separate shutdowns, since in two of the studies more than one shutdown was investigated. There is no doubt that job displacement has been one of the most understudied problems in research on labor markets.

Three clear trends are discernible in a review of job displacement research in the United States. First, most studies of job displacement have been conceived and executed as discrete case studies. Only in two of the research efforts reviewed was there an attempt at comparative analysis. Clague, Couper, and Bakke compared two plant shutdowns in adjacent labor markets in 1929, and more recently Wilcock and Franke compared the shutdowns of three Armour plants in three different labor markets. However, most research efforts have been unrelated to each other. The problems specified for further

[1] William Haber, Louis A. Ferman and James R. Hudson, *Impact of Technological Change: The American Experience* (monograph prepared for the W. E. Upjohn Institute For Employment Research, to be published in Spring of 1963).

study in a given work have not been systematically investigated in new studies. The tendency has been to treat each case as a totally new piece of research without any theoretical or methodological continuity. The result has been a series of case histories on job displacement, loosely strung together, without an integrated overview of job displacement.

A second trend is the recent involvement in job displacement research by sociologists and psychologists. All of the studies conducted before 1955 were conducted by economists. Since 1955, a number of sociologists (Sheppard, Ferman, Faber, Fowler, and Smith) have become interested in the problem, and Karl U. Smith, a psychologist from the University of Wisconsin, has begun an investigation into the psychological problems of displaced workers. In no sense has this meant a shift to interdisciplinary research, but rather the emergence of new conceptual schema for the study of job displacement.

Finally, job displacement research continues to be confined, for the most part, to depressed labor markets. Fifteen of the seventeen studies reviewed were conducted in depressed labor markets. This has imposed a serious limitation on the findings of job displacement research, since we do not know whether these findings can be generalized to other kinds of labor markets.

CONCEPTUAL SCHEMA FOR THE STUDY OF JOB DISPLACEMENT

These comments now lead us to some general observations about the types of conceptual schema that have been used in the study of job displacement. A review of the literature indicates three schema that have been used extensively. This is certainly not an exhaustive list, but rather these three represent the most typical approaches. It will also be noted that considerable overlap exists between these schema. The three schema are:

1) the labor market framework.
2) the downward mobility framework.
3) the decision-making framework.

The labor market framework—This is the most typical framework used in job displacement research to date. This approach is taken by labor economists and some sociologists. Plant shutdowns and displaced workers are viewed within the functioning of a specific labor market. An attempt is made to isolate factors within the labor market which explain the plant shutdown. There is an interest also in the

rate of absorption of displaced workers into new jobs; the quality of the new jobs; the potential and real labor mobility of the displaced workers; the process of job allocation in the labor market. Job displacement may be viewed either as a dependent variable (e.g., certain technological changes result in job displacement) or as an independent variable (e.g., the displaced worker shows a particular pattern of mobility).

This is not the place to discuss this approach in detail. I wish simply to point out that the emphasis is on predicting the labor market behavior of displaced workers. As it has been used in job displacement research, the main mode of analysis has been descriptive rather than analytical statistics.

The downward mobility framework—This approach is of recent origin and is used by sociologists and social psychologists. Job displacement is viewed as an independent variable causing changes in social behavior, attitudes, and values. These social scientists are less concerned about behavior in the labor market than with behavior in a broader social context. Job displacement is equated with a loss of status or as a movement downward in the class system. It is argued that this status change will influence such variables as the mental health, interaction patterns, and ideologies of the displaced workers. The basic strategy of this approach is to isolate the concomitants of the status change.

The decision-making framework—Job displacement is viewed as a crisis situation necessitating a number of decisions by the worker. To move from the labor market or not to move? To take a lower paying job or not to take the job? The basic strategy is to isolate determinants and to evaluate the rationality of the decision on the basis of perceived and actual consequences. Thus far, this framework has been largely implicit in the labor market approach, but it has received overt recognition in the work of Fowler and Smith in their study of ex-Ford workers in Buffalo, N. Y.

While these three schema overlap to some extent, the data required by each approach are different. These schema are not theoretical systems but rather designs for organizing observations on displaced workers. One of the main difficulties, as I shall indicate later, is the integration of these schema into an interdisciplinary approach.

CONCEPTUAL PROBLEMS

Research into job displacement has been beset by a number of

conceptual and theoretical problems. Let us briefly consider four of these problems.

1. *"Job displacement as a concept is not clearly defined"*—Conceptual considerations would demand clear and unambiguous empirical referents for job displacement as a concept. An examination of past research indicates two difficulties in the use of the concept: (a) it is used interchangeably with other concepts to denote the same empirical referents, and (b) it is used to specify a number of different empirical referents. "Job dislocation" as a concept is frequently used interchangeably with "job displacement" to specify the same empirical referents. If a difference exists between the two concepts, it is not apparent from a survey of the research literature.

It is equally clear that "job displacement" is used to specify a number of different empirical referents. For example, job displacement has been used to refer to workers who have become (1) technologically displaced, (2) displaced by the rationalization of industry, (3) displaced by automation, (4) displaced by personnel reorganization within a company and (5) displaced by decentralization. The implicit assumption has been that all types of displacement are basically the same and that conceptual separation is unnecessary. This assumption has not been tested to date. There would certainly be a value in comparing the adjustment of workers to each of these types of displacement if proper criteria could be found to distinguish them. Without this separation, comparisons between displaced workers may compare apples with oranges rather than apples with apples.

2. *"Research findings are descriptive rather than analytical"*—One difficulty in fitting job displacement data into a broader theory of labor market behavior is that research findings tend to be descriptive rather than analytical. Thus, one reads time and time again that "age is postively related to reemployment opportunities" or that "education is related to finding a job." However, very little has been done in the way of showing the interrelationship between these findings. For example, within a given age group how important are sex and education differences in finding a new job? Within a given skill level how important are age differences? The specification of relationships between these variables would be an important first step in developing generalized analytical statements which would result in the building of a series of middle range theories.

3. *"There has been a failure to codify existing research findings"*—Another basic step in theory building would be the codification of

existing research literature. There is a tendency in job displacement research to accumulate descriptive statements without any attempt to bring them together into a series of generalized propositions. Two factors may account for this failure. First, job displacement research is considered to be unique to a particular situation. The research is generally conceived as an attempt to assess the adjustment of a particular group of displaced workers. This practical consideration often makes it difficult for the investigator to relate his findings to other research efforts. Secondly, since the studies are frequently conceived under different conceptual schema, some interpolation of data will be necessary to develop general empirical statements. It would seem, however, that these difficulties are not insurmountable and that job displacement research might be systematically advanced by such an effort.

4. *"There has been a failure to develop an interdisciplinary approach for the study of job displacement"*—The involvement with job displacement by sociologists and psychologists has given rise to competing conceptual schema rather than the development of a generalized model by which the problems studied in different disciplines may be systematically related to each other. There is a necessity to develop a common understanding of how sociological data may refine predictions of the economist and how economic data may be incorporated into sociological analysis. The implicit assumption here is that the analysis of job displacement must rely on the concepts and data from a number of disciplines.

One of the main difficulties here is the failure to see the relevance of data from new conceptual schema to old problems. For example, mental health data may be important to students of labor economics if such data can refine predictions about behavior in the labor market. The worker with good mental health may be able to deal more effectively with problems of economic adjustment than the worker with poor mental health.

METHODOLOGICAL PROBLEMS

The study of job displacement also involves a number of methodogical questions. Some of these are questions that occur in any research undertaking; others are specific to job displacement research. Let us examine some of these questions.

1. *"Research in job displacement generally has failed to use the comparative method in its research design"*—As noted earlier, studies

in job displacement have for the most part been confined to unique case studies. The advantages of comparative research have been demonstrated in a wide variety of research situations. A comparative design permits (a) the varying of situational conditions to see if given relationships persist, and (b) the systematic isolation of negative cases which become the basis for qualification and refinement of existing theory. The very basis of scientific generalization requires this approach.

A starting point in this direction has been made by Wilcock and Franke in their study of Armour Company plants in four different labor markets. With slight modifications the research strategy and questionnaire were quite similar in all four situations, as was the time period and mode of analysis. These investigators were thus able to subject their findings in one labor market to a comparison with findings in other labor markets. Their research might well be taken as a model for future investigations.

2. *"Research on job displacement has relied primarily on survey methods and official records"*—Researchers on job displacement have confined their research efforts to surveys of displaced workers and the collection of data from company, union, and public agency records. Consequently, the collected data have been restricted to status variables, personal characteristics, and verbal reports of behavior. Most researchers follow the traditions of the field in the selection and collection of data.

While these data are useful, they are also limited. We can tell little of family dynamics and the day-to-day experiences of displaced workers by these methods. While some of these considerations might be investigated by observational and clinical methods, such methods have not thus far been incorporated into research designs on job displacement.

3. *"The advances made in multivariate analysis have not been systematically incorporated into research on job displacement"*—A review of the research literature indicates that with few exceptions the presentation of data has been descriptive rather than analytical. The use of sub-group analysis, which has become commonplace in other fields of social research, is still the exception rather than the rule in job displacement research. The systematic testing of relationships by control variables is still a rarity.

A second failure is the lack of deviant case analysis. The emphasis

is placed, for example, on the skilled worker who finds a job with little attention paid to the skilled worker who remains unemployed. The analysis of data places considerable emphasis on the main trends or the relationships that hold for the majority of the workers, although valuable insights might be gleaned from the analysis of groups of workers who do not fall into the main patterns.

Finally, no study to date has systematically explored the advances made in panel analysis (i.e., longitudinal methodology). A number of problems in job displacement research are directly parallel to the problems explored in studies on voting behavior. For example, the decision to move from a depressed labor market has some parallels to the decision to vote. Both problems are one of decision-making. The strategy of panel analysis would permit the study of stability and change in decisions as well as the isolation of the correlates of these decisions.

4. *"Job displacement studies are rarely designed to show systematic variation in the properties of a labor market and to establish relationships among labor markets which arise within a larger system of labor markets"*—This requirement means that we must be able to specify certain attributes of labor markets which are determinants of job displacement and adjustments to job displacement. Then, we must be able to obtain a sample of labor markets with these characteristics and to relate them to the differential rates of job displacement and reemployment which occur. We are not interested in the unique properties of a labor market which account for job displacement. Rather, the strategy is to establish that such properties of labor markets exist and that variance in these properties will result in a concomitant variation in job displacement rates. This must be done before we can generalize about the job displacement process. Thus, we might find that in a labor market where there was a high rate of technological change, job displacement rates were higher than in a labor market with a low rate of technological change. Our task would be to compare job displacement rates across labor markets where there was a difference in this variable. Such a procedure would permit us to utilize statistical tests of partial association and null hypothesis to give us more precise and valid data on job displacement.

5. *"There has been a failure to incorporate new techniques of measurement into job displacement research"*—There is still a tendency in job displacement research to deny the value of multiple-item measurements in favor of single items. Thus, a comparison of wages

between the present and past job or the number of months unemployed may be used singly as indicative of adjustment to job loss. Rarely are both items combined into an index, in spite of the development of multiple-item measurement in job displacement by applying scaling theory and knowledge of index construction. While it would certainly be important to construct a standardized measure of economic adjustment, including such items as employment status, changes in the level of savings and health insurance, mobility patterns, and income status, few attempts have been made in that direction to date.

SUGGESTIONS FOR FURTHER WORK IN JOB DISPLACEMENT

In this paper, some of the conceptual, theoretical, and methological problems in job displacement research have been reviewed. This is a field of inquiry which has been largely unsystematized and unorganized in regard to both theory and methodology. Although studies on job displacement have been conducted since 1929, the number of such studies are still quite small and do not fit into any integrated pattern. Research in this field will undoubtedly increase with the greater emphasis placed on depressed labor markets by such government agencies as the Area Redevelopment Administration. What can be done to advance job displacement research in an organized fashion?

1. *The need for conceptualization*—Further research in job displacement means that a number of rigorously defined concepts must be developed and that some of the attributes of labor markets which trigger job displacement or retard it must be isolated. We must develop a set of criteria to distinguish between different kinds of job displacement (e.g., technological displacement and displacement resulting from personnel changes within a given firm). The development of such concepts will be an initial step in setting up conceptual guide lines for the systematic extension of research.

2. *The need to increase the frequency and kind of studies*—One of the basic problems in job displacement research is to increase the sheer number of such studies. But, this must be done in a systematic way. Studies must be undertaken not only to increase the number of studies but also to select crucial tests cases. For example, little or nothing is known about job displacement of white collar workers or about job displacement in the southeastern or western areas of the United States. Further research should be undertaken to extend our

knowledge of job displacement in areas that have not been explored as yet.

3. *The need for comparative research*—Systematic extension of job displacement research postulates the need for testing known relationships on a greater number of labor markets. This strategy will also enable the researcher to consider negative cases and use these data to qualify and extend knowledge of job displacement processes.

4. *The need for a central clearing house*—If there is to be a meaningful extention of job displacement research, some central direction is needed. One difficulty at the present time is that there is no common conceptual or methodological framework by which comparison of findings may be made. A central clearing house where data from earlier studies would be on file and available to interested researchers would undoubtedly promote this goal. This clearing house would also serve to develop strategies for particular kinds of studies and act to integrate the findings of the various researches. Such a clearing house, whether based in a university, foundation, or government agency would be extremely valuable in extending and integrating the knowledge in this field.

SOME SOCIAL PSYCHOLOGICAL CORRELATES OF A DEPRESSED AREA

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The research program was initiated in a "one industry" town at a time when the major employer was utilizing half the normal work force. It was conducted against a background of cutbacks, layoffs, and just prior to the research, a complete twenty-month shut down. The research was designed to investigate the resources of the community in terms of industrial expansion and retraining, and to examine such traditional labor market problems as job seeking and mobility.

Our findings are very similar to those that have resulted from explorations of Auburn, Kankakee, New Haven, and many other communities.[2] In short, people are very poor job hunters; they don't like to move and would prefer to find jobs like the ones they have lost.

Despite the statements of many who would declare a moratorium on labor market studies because of their similarities, we felt it necessary to collect similar descriptive material before approaching the data from our discipline. Our interest in the research was to explain some portion of that variance in behavior that is usually designated within the "ceteris paribus" clauses of economic theory and to indicate some practical considerations for dealing with these imperfections. Given the consultant's task of suggesting solutions for a community, we were forced to deal with the problem of getting people to move as well as indicating that the people did not want to move. The major part of our report is concerned with such problems.

The Community and Its Problems. Underhill township is made up of four small communities. Seven thousand six-hundred-and-six persons were included in the township in the 1960 census. For a very long time, the principal industry has been underground ferrous mining. Underhill is reasonably close to a resort industry which provides seasonal employment. It is approximately fifty miles from

[1] The authors gratefully acknowledge the assistance of Dr. Matilda Kejner, Mrs. Carol Gordon, and Mr. Charles Green in the coding and analysis of these data.

[2] For example, see Parnes, H. S., *The Labor Force and Labor Markets* in *Employment Relations Research,* (New York: Harper and Brothers, 1960) and Parnes, H. S., *Research on Labor Mobility,* (New York: Social Science Research Council, 1954) for reviews of these findings.

the closest city, and approximately one hundred miles from any large metropolitan area.

Following a series of cutbacks and a complete closing of the mine, the mine owners had reached an agreement with the local union such that, with a considerable reduction in work force, a total production was maintained that was close to that realized with a full work force. This arrangement was on an experimental basis.

Structured interviews were held with one hundred and one unemployed workers, nearly all of whom had been employed in the mines; fifty-six current mine employees, sixty-eight people with a previous history of mine employment (PIM Group) but who had found work elsewhere, and eighteen individuals who resided in the community but who had never worked in the mines. In addition to these groups, new entrants or potential entrants to the labor market, were interviewed as follows: seventy-nine high school seniors, seventeen recent drop-outs, and twenty-four recent graduates. The seniors were given a pencil and paper questionnaire.

In relating this study to others, it should be noted that the study has one of the central characteristics of the plant shut-down-material in that the majority of the respondents were directly affected by the one major employer. Unlike some investigations that it could be compared with, this study did not look at secondary workers nor, with the exception of a few cases, female members active in the labor market.

JOB SEEKING

Countless studies dealing with unemployment have made the observation that individuals in need of a job are quite inefficient in looking for work, and that a restricted number of choices or alternatives are usually entertained. The people in Underhill were not an exception.

All the adults in this sample, whether they were currently employed or not, were able to report, because of a recent lay off, on their process of looking for work. Where the interviewees had experienced unemployment on more than one occasion, they were queried with regard to previous approaches. In passing, it should be noted that individuals reported practically no change in their means of looking for work over time.[3]

[3] Adams, L. P. and Aronson, R. L. in *Workers and Industrial Change*, (Ithaca, New York, Cornell University, 1957), also observed that individuals tend to use the same set of alternatives over time.

Our findings in this regard indicated that individuals predominately used the direct application as their major means of job seeking (seventy-five per cent) but restricted their output to but one attempt. Friends and relatives were used as a means of finding employment by forty per cent. Less than five per cent of the respondents indicated a contact with former employers and five per cent noted that they had used newspapers.

As in other studies, the respondents were quite confused and misinformed about the value gained from registering with the State Employment Service. Most of the individuals felt that if they had registered for unemployment compensation they had exhausted their means of governmental assistance in seeking work.

All of these findings are consistent with the results of numerous studies.[4] The implication that has been made in most studies, however, is that job seeking is primarily determined by the number of alternatives and that there are very few, if any, individual differences in this process. A further exploration of this problem resulted in an analysis of the total number of types of search activities utilized.

A percentage break-down for each of the various job groups is indicated in Table 1. It can be seen from this table that the average respondent in this study was engaged in a limited number of job seeking activities. Approximately one-third used one activity and another one-third used no more than two activities. Six various categories were controlled but no individual used more than four types of activities.[5]

While there was a very similar skill background for the unemployed and those who had previously been employed in the mines (PIM Group), it becomes interesting to note that there is a statistically significant difference between the fifteen per cent of the unemployed and the thirty-two per cent of the PIM Group who utilized three or more activities in seeking work.[6] Quite obviously, those who

[4] See for example, comparative means of job seeking in Wilcock, R. and Sobel, I., *Small City Job Markets,* (Urbana, Illinois, University of Illinois, 1958) and Adams, L. P. and Aronson, R. L., *op. cit.*

[5] It should be noted in this Table that the total number of activities is somewhat inflated in that we were forced to accept the fact that they said they had fully utilized the resources of the State Employment Service when in fact, most of them had only made contact for unemployment compensation which did not involve employment counseling, etc.

[6] These groups were very similar in both, age and skill level. The modal age of both, the unemployed and the PIM Group was between thirty-six and forty. Fifty-eight per cent of the unemployed workers and fifty-seven per cent of the PIM Group had had previous employment as a skilled worker.

TABLE 1

Total Number of Job-Seeking Activities Utilized by Respondent Groups (In Percent)

	Number of Activities					
	0	*1*	*2*	*3*	*4*	*NA*
Unemployed (N = 101)	8%	31%	46%	12%	3%	0%
Employed: in mines (N = 56)	4	37	32	20	4	3
Employed: never in mines (N = 18)	33	33	17	0	6	11
Employed: previously in mines: PIM (N = 68)	7	27	25	29	3	9
High school drop-outs (N = 17)	18	47	12	12	6	6
Total (N = 260)	9%	33%	33%	17%	4%	4%

had found employment had engaged in a more exhaustive searching process than those who remained unemployed. An attempt to explain this difference must take into consideration the fact that those who found employment had more education than those who had not and, thus, their very education may make them more prone to fill out applications, write letters, and use the newspapers. Equally important is the fact that those who did find employment entertained a greater array of occupations and employers. They seemed capable of thinking of themselves in occupations other than a miner or carpenter and of contacting employers and industries that were not directly connected with their former employment. Additional research on this problem as a perceptual process seems warranted.

MOBILITY

Despite a high stability of the work force, many people had left Underhill. The experience of those who have left is differentially perceived by the various parts of our sample. All of the respondents were asked if they knew of any people who had left the community and if they did, they were asked for their impression of how it had worked out for these out-migrants. Naturally, perceptions of other's experience are highly colored by one's own feeling about moving. Whether the perceptions are reality based or not, however, it becomes obvious that people will or will not be inclined to leave the community depending on how they see others faring. Table 2 indicates the responses to the questions of how moving had worked out for others.

The high school students, in particular, describe the experience of others as being successful. Forty-three per cent indicated that it had been an unqualified success for those who had left the community. Only two per cent indicated any sign of failure. The unemployed, on

TABLE 2

Perceptions of Others' Experiences in Moving from the Town (Responses in Percent)

Populations	*Never heard of any*	*Unqualified success*	*Qualified success*	*Has heard no opinion*	*Differentiates successes and failures*	*Failure for majority*	*NA*
H. S. enrolled (N = 79)	14%	43%	22%	8%	10%	2%	1%
H. S. drop-outs (N = 17)	35	29	18	0	0	0	18
Recent grads (N = 24)	4	17	8	12	12	4	42
Unemployed (N = 101)	32	16	10	30	4	3	5
Employed: in mines (N = 56)	14	27	29	11	7	12	0
Employed: never in mines (N = 18)	17	28	44	0	6	6	0
Employed: previously in mines: PIM (N = 68)	18	26	9	25	3	7	11
Total (N = 363)	21%	27%	17%	17%	6%	5%	7%

the other hand, seemed to be quite pessimistic about the external world, if they were informed or had a judgment at all. Only twenty-six per cent described success for those who had left. They were also noticeably different from the other parts of the sample in the per cent who either stated they never heard of any experiences or if they had, had no opinion as to success or failure. The older workers employed in the mines are also pessimistic about the potentials, and twenty per cent of them either describe both successes and failures or complete failures for individuals who have left the community to find work elsewhere. In summary, there are quite different perceptions as to what happens when one leaves the area. The youth who have the highest potential for leaving are the most optimistic. The unemployed workers are the most pessimistic. Probably, both of these perceptions are quite realistic.

All of the respondents were asked as to their perception of why people had returned. Throughout the community, there was considerable talk about people who had ventured from the community only to return for one reason or another. Responses to the question which asked, "Do you know of any people who have returned to Underhill and if so, why?" are included in Table 3.

As can be seen from Table 3, the majority of the respondents did know of people who had left the community and had returned. The one exception is the drop-out group. As can be seen from the total percentage column, the major reason given for return was the reopening of the mines. This response obviously refers to the older workers who, even though they obtained employment in other communities, returned as soon as the mines reopened and who were able to obtain a job as a result of their seniority.

The only other major reason for return that was given was that of family and community ties. Nearly all of the responses were concerned with the younger members of the community who came home because they could not stand being away from the family. The younger people, in particular, were quite articulate in describing this and used such words as homesickness, miss the family, etc. For a few of the older respondents, this was a matter of maintaining two households. Perhaps the most interesting statistic in this Table involves the small number of economic factors given. Actually, less than one per cent indicated that people left the community and returned because they could not find a job.

The researchers found little or no evidence of people who actually

TABLE 3

Perceived Reasons for Return to the Town (Responses in Percent)

Populations	*Does not know any*	*Economic —pay-too low*	*Economic —lost job*	*Economic —could-n't find job*	*Family and community ties*	*Mines re-opened*	*Quit— no reason*	*Multiple response*	*NA*
H.S. enrolled (N = 79)	54%	5%	0%	3%	10%	14%	10%	1%	3%
Drop-outs (N = 17)	77	0	6	0	0	0	0	0	17
Recent grads (N = 24)	17	4	0	0	17	8	4	4	45
Unemployed (N = 101)	60	3	2	3	1	9	11	2	9
Employed (N = 142)	51	5	2	0	2	28	4	2	5
Total (N = 363)	53%	4%	2%	1%	4%	17%	7%	2%	10%

left the community without the promise of jobs, as is found in some areas. Actually, there are two basic reasons why the residents had not "picked up their stakes and left." One, as has already been mentioned, is the assumed lack of transferable skills. The other reason, and one of considerable interest in a one industry town, is that of home ownership. Eighty-three per cent of the employed and seventy-two per cent of the unemployed workers owned their own homes.

The average respondents, however, had given consideration to the idea of moving out of the community. All those who did not have a permanent job were asked how they would feel about moving to some other locality. Those who were employed were asked how they would feel about moving to another locality if they lost their current job.

Thirty-six per cent of all the adults reported that they would move only if they had to, or definitely would not move out of town for a new job.[7] The older employees, those employed in the mines, have the least favorable attitude toward moving out of town for a job, with approximately fifty-five per cent indicating they would move only if they had to or would not move.

Those who were unemployed and those in the PIM Group, offered less resistance to moving than did the older members of the community. Neither group was very favorably disposed towards moving and both offered a rather realistic contingency that they would move if they could be assured of steady employment. Interestingly enough, very few of the respondents mentioned the problems of selling their property as a contingency for moving; although nearly all of them mentioned home ownership as a reason for staying.

The high school seniors included in the study also provided data which bear on mobility. The data suggests several hypotheses that may deserve further attention. First, it appears that direct exposure to the world of work in the immediate and surrounding area may contribute to realistic vocational planning by teenage students. Sec-

[7] In asking questions about mobility, it became very difficult to utilize a question sequence that did not suggest to the respondent that he should leave the community. In geographical mobility, there is serious question as to whether the data are not contaminated by the fact that the questions asked about opportunities in the local area, the availability of jobs in other areas, and similar questions do not momentarily suggest to the respondent that he should leave, and as a consequence, the interviewer gets a quite biased picture of the respondent's mobility potential. In the current study, an attempt was made to get some perception about the desirability of leaving or remaining in the community before the factors which would logically determine such a decision were explored.

TABLE 4

Attitudes Toward Moving Out of Town for a Job (Responses in Percent)

Populations	*Would like to move very much*	*Would like to move reasonably well*	*Would move—contingency, wages*	*Would move—contingency, steady employment*	*Would move—contingency, sell property*	*Would move only if had to*	*Would not move*	*Indifference*	*No answer*
Recent grads. (N = 24)	17%	12%	4%	0%	0%	12%	4%	4%	46%
Unemployed (N = 101)	13	14	11	21	4	15	17	0	5
Employed in mines (N = 56)	5	14	7	9	0	27	30	4	4
Employed: never in mines (N = 18)	17	22	6	6	14	17	11	5	5
Employed: previously in mines: PIM (N = 68)	5	13	9	21	3	19	16	0	14
Total (N = 267)	10%	15%	9%	16%	3%	19%	19%	2%	7%

ond, lengthy unemployment in the immediate family does not appear to be a strong motivator toward leaving the community. Third, the immediate family appears to play a more active role in the vocational planning of those students willing to leave than for the other students. Finally, vocational interest patterns (e.g., pay, responsibility, recognition) which vary with willingness to leave suggest a potentially new line of inquiry for further work in this problem area. Such patterns develop fairly early but may be susceptible to modification through appropriate vocational counseling.

APPRAISAL AND DISCUSSION

As noted in the introduction, the residents of our Underhill sample were very similar to other labor market groups that have been examined. The important point is the fact that there were differences within subgroups. At the conclusion of our research, we were asked to suggest a solution for Underhill. There was no one solution for Underhill, but rather some possible solutions which varied according to subgroup.

While one could talk about the "labor market" of Underhill, many findings were very confused until meaningful break downs were considered. The various units of analyses such as the drop-outs, recent graduates, those who had maintained employment in the mines, unemployed, and the PIM Group were sub-populations that were practically forced upon us by an initial exploration. These subunits made sense not only to the researchers, but more important, they made sense to the respondents. A basic question to be asked of many of the findings is what is the reference group of the respondent? For example, when we asked about the reasons why other people had returned to the community, the younger members of the community thought primarily of people their own age. When asked why people returned to the community, they referred to homesickness and other problems that were a symptom of the younger emigrant. The older workers when asked this exact question, thought of it in terms of their own generation; all of those who had had experience in the mines, gave us reasons for return that were related to employment in the mine, i.e., responses that indicated protecting one's equity.

When asked about the attractiveness of the outside world, the high school students used recent high school graduates as their frame of reference. This subpopulation had had successful experiences and a very optimistic view of the outside world was elicited from the youth

as compared to the unemployed or the employed. The unemployed were the most pessimistic about the outside world; and this too was realistic if one used the frame of reference of the unemployed. As was noted, those who had found some form of alternative employment in the area were better educated, were more successful job seekers, and also saw the outside world as more benevolent.

Messages or programs designed to effect mobility would of necessity, have to be tailored to these different populations. The successful experience of recent high school graduates in the outside world is not a relevant reference for the unemployed worker in this community. The matter of frame of reference, or who one identifies with in considering alternatives, occurred not only in terms of establishing units of analysis but in understanding much of the behavior in which we were interested.

FURTHER USE OF THE FRAME OF REFERENCE

There appeared to be relatively few initiators in the community, with regard to both job seeking and geographic mobility. Some of those who had left and found employment in other areas became almost folk heroes. In the questionnaire we asked for the names of people who had left the community and were surprised to find that a few names tended to predominate. Investigating this further, we found that these few names referred to people with whom the average resident of Underhill could identify. He did not talk of previous leaders in the community who had left earlier and had been quite successful in other communities, but rather of people who were much like himself, with a reasonably limited education, who had belonged to the same clubs, organizations, and so on. Such reasoning suggests that in effecting mobility from a community, one should not necessarily point to the obvious success cases, but rather to people who can become appropriate models. If the model suggested in the community has more financial resources, more education, or is viewed as having more ability than the average respondent, he will not be seen as an appropriate person to pattern one's own behavior after.

As has been noted elsewhere, people who have always worked within one industry have a hard time visualizing themselves employed in any other kind of occupation or skill. For example, it never occurred to most of our respondents that they could become a night watchman, and yet, when someone else found this activity in another community, it suggested the occupation to many others. Consequently,

they enlarged their horizon with regard to the types of jobs they might look for. Within the "one industry" town there seemed to be a very limited array of occupations with which the person was knowledgeable and as a consequence, the individual's search activity was usually restricted to the two or three factories that he had heard about where others had found employment, and to the two or three occupations with which he had some degree of acquaintance. Although we have not tested it out, it is highly possible that one of the reasons why newspapers, for example, are very seldom used by the unemployed is that none of the jobs in the array occur to them as possibilities.

Those with more education seem to entertain a wider array of occupations. In coding the kinds of jobs that people would like to be retrained for, if the opportunity became available, those who were unemployed and who had less education tended to restrict themselves to jobs closely allied to mining or to those jobs in the immediate area. Work in heavy construction, a few of the craft areas such as carpentry and plumbing, and auto mechanics seem to almost exhaust the list. By contrast, those with more education, and those who already found employment elsewhere through their own initiative, suggested a much wider array of occupations in which they would be interested.

PREVIOUS WORK AS A CONDITIONER OF PERCEPTIONS

In considering the kinds of jobs that were sought by members of this particular community, one should also investigate the kind of work that they had previously experienced. Essentially, mining is a reasonably independent type of work where a person tends to work by himself or with one other person with a minimum of supervision. This is a work habit which seemingly, becomes ingrained. Few if any of our respondents were very interested in obtaining factory employment as a first choice. In the relatively unstructured, "just name any job that you would like" type question, however, these workers tended to look for jobs where again, they would be primarily a free agent or would have limited interaction with a boss or supervisor. In this case, we suspected, although we were not able to fully explore the issue, that these men were different from those who are brought up in the more structured factory environment and accept these conditions of work as a way of life. It would appear that further identification of certain social-environmental characteristics of occupations would be helpful in designating possible re-allocation of workers.

Finally, nearly all of the solutions (whether realistic or not)

that are proposed for such a community necessitate certain groups of individuals accepting some form of change. The individuals who are the most reticent to change create the most severe problems in such a community. Those who leave their jobs in anticipation of a shut down do not present a problem. Engaging in change represents a risk, and evidence from our study suggests that many of the people who need to engage in a change of occupations, employers, and so on, are extremely low-risk-takers. Quite often the things we hold out to them, such as retraining and chances for mobility, are incentives, but the people attach such a low probability to their being successful in it that they do not engage in the activity. Using a risk taking scale developed elsewhere, we investigated the PIM Group and the unemployed group. The PIM Group, which had engaged in a greater number of alternatives and were a little more educated, also were more willing to engage in risk or to stick their necks out, and they had a significantly higher risk taking score on the average than did the unemployed who had failed to secure jobs. It should be noted, that there were surprisingly few risk takers in the community. The average risk taking score for all respondents in this study was significantly less than we encountered in using this scale among employed populations in various factory and office sites. It is quite possible, again, that the higher risk takers (those with initiative and confidence in their own ability) had already left the community before the survey was conducted.[8]

SUMMARY AND CONCLUSIONS

In reviewing our own and other findings, it appears that as a descriptive process, such research is quite adequate in describing some of the symptoms and problems. One is hard-pressed, however, to offer a remedial solution for such areas or communities, partly because the labor market of such an area is not as homogeneous as one is often led to believe. There are various subgroups within these populations for whom some of the social and economic solutions that are proposed in legislation are appropriate, and some subgroups where it seems unfeasible to suggest any realistic economic solution.

The current project, far from being definitive, was contemplated and designed as an exploratory project for determining various seg-

[8] It also is possible that the longer one remains in a depressed community, the lower his risk-taking potential becomes because of constant failure.

ments of the community for whom differential solutions might be appropriate. Some tentative subgroupings and rationale for using these as subgroups have been proposed in this paper. While various areas may suggest quite different distinctions within a specific labor market, it would appear that one of the most serious tasks of the researcher is to view the problems from the eyes of the respondents rather than to carry his pre-ordained variable and value systems into the research.

From our explorations in Underhill it would seem that better, more efficient allocations of labor would take place in such an area if: (1) A conscious effort were made in counseling new entrants as well as displaced workers with regard to a greater array of occupations and potential employers than is usually perceived by the individuals in such an isolated environment. (2) Both, youth and older workers received counsel in the process of job seeking. (3) Programs and messages which attempt to re-allocate the current working force were particularly styled to the various segments of the labor force. For example, those with a long history of unemployment do not attach the same probability of success to geographic mobility or retraining as those who already have more marketable skills or who have a different work history. (4) Attempts at counseling or in finding occupations for the displaced individuals considered not only skills which these individuals have obtained, but something of the social-environmental characteristics of their previous employment. (5) From the point of view of motivation, efforts were made to change the workers' perceptions of the probability of success.

DISCUSSION

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Specific, atomistic papers in a session devoted to depressed labor markets should be examined within the framework of the social and economic problems and programs within such areas. In terms of the definitions used in the 1961 Area Redevelopment Act—relating to measures of substantial and persistent unemployment in urban areas, and extremely low family income in rural areas—there are approximately 1,000 depressed areas in the United States today. Unemployment in these areas (including consideration of underemployment in rural areas) accounts for about one-third of the total number of unemployed in this country, although the population of these depressed areas is only about one-fifth of the national population. The rate of unemployment in the depressed labor market areas has been at least 50 per cent above the national unemployment rate, and for considerable lengths of time in most instances.

The social and economic phenomena occurring in such areas deserve special attention by social scientists, in large part because it should be interesting to discover whether or not—and to what degree —depressed areas will respond in ways other than resignation, migration and death. In this connection, I feel that a large number, if not a majority, of economists and other social scientists accept a number of assumptions and encourage—either explicitly or implicitly —policies which offer no hope to depressed areas. While concentrating on causes of area unemployment, such as resource depletion, decentralization, and technological rationalization, they ignore solutions such as potentials for new uses of old resources; searches for new resources; local industrial development; physical redevelopment for industrial and commercial attractions; occupational retraining for existing job vacancies which often go unfilled because of lack of coordination and communication between employer, employment and training agencies and the worker, etc.

The papers presented here today, for the most part, seem to have been written too superficially, cavalierly, and within the narrow framework of a socio-economic doctrine of inevitabilism and inaction —or else the authors submitted papers on their favorite topics un-

mindful of the announced topic of the session, namely, balanced and depressed labor markets.

Most depressed regions, if not all, are concerned about their unemployment and underemployment phenomena, and have defined them as problems. Nearly 90 percent of all the areas designated as such by the Department of Labor and the Department of Agriculture (the agencies assigned the designation responsibility under the ARA Act) have indicated their concern in the form of submitting "Overall Economic Development Programs" as a prerequisite for ARA assistance, such as long-term, low interest loans for industrial-commercial projects, loans and grants for economic development-related public facilities, technical assistance for solving production, engineering, financial and related bottlenecks, etc.

Given this fact, it appears somewhat strange—and perhaps gratuitous—to learn, according to Dr. Williams and his co-authors, that the unemployed were adjusted and "more contented with the situation than they had any right to be." Indeed, if they are correct in stating that concern with unemployment was based on the value system of the researchers rather than that of the research objects, why bother to go on in the paper to suggest any programs, such as counseling new labor market entrants, as well as displaced workers, on new occupations and employers? One point touched upon, however, is crucial and deserves systematic research attention, especially if the research is aimed at techniques of change: the absence of initiators in the community. How initiating leadership can be developed, and how various forms of outside technical assistance can be utilized, are insufficiently studied by social scientists.

Ferman's paper is an interesting attempt at an historical analysis and conceptualization of studies in job displacement. But conceptualization should be related to purpose. I look forward to some substantive follow-ups to his paper which is more or less a prolegomenon to further studies in unemployment and not an end product (I hope).

Research on job displacement should be carried out not only for the purpose of organizing it, but also for the purpose of providing reliable knowledge to the interested public, decision-making institutions and policy makers. It would be important to include in such research not only operable information, but also information on the conditions in which, for example, a migration policy would result in total costs (including social ones) far greater than possible alternative solutions; the degree to which community power structure and eco-

nomic traditions play a role in the emergence of plant shutdowns, lack of initiators, and low-level responses to chronic unemployment, and related topics.

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The three papers cover only portions of larger studies and reports, but each appears to be an able summary of its underlying project and each is timely. Conant covers two subjects of current importance—the labor market behavior of white-collar workers and the positive role that a public employment service office can play. The employment service system stands to benefit from studies of its successes as well as of its failures.

Williams, Foltman, and Rosen are psychologists who studied a depressed area and their conclusions are both pertinent and timely with respect to the importance of understanding differences in individual motivations and perceptions among subgroups of the labor force. Ferman's paper could not have been better timed because local labor market research appears to be proliferating and he is making the charge, in effect, that much of this effort will have little value if those conducting the research ignore problems of conceptualization, methodology, and the revelance of comparative techniques and labor market theory.

I have three closely-related comments about Ferman's paper and I shall try to develop these briefly in the few minutes at my disposal. First, while his critique of job displacement research contains many comments that are eminently justified by many of the studies he has reviewed, his conclusions are too sweeping and he suggests standards of research design which should not necessarily be applied to all job displacement studies. Secondly, I believe there is an implied body of theory underlying many studies which does not need to be spelled out in every report.

My third general comment is that his critique is misleading to the extent that he describes job displacement studies as a separate and distinct category of research. Many of his criticisms have much less

force when job displacement is considered as a special case of labor mobility and the labor market behavior of firms and workers.

Before going further, I should like to emphasize that I believe much of his criticism is very applicable to many labor market case studies, whether or not they focus specifically on job displacement. His most telling criticisms, in my opinion, involve the relative lack of comparative studies with a common methodology, the frequent failure to analyze a specific set of data within the context of the functioning of the local market, and the relative lack of imagination in experimenting with research techniques developed in other disciplines.

Too often a researcher will begin a labor market study without adequate consideration of the literature and of the possibility of using measures that will permit comparisons between his study and those that have previously been completed. As those who have read Parnes' reviews of labor mobility research will be aware, it is a frustrating experience to try and make comparisons among studies which have used similar but rarely the same techniques and questions.[1]

In this connection, however, it is worth mentioning that in their forthcoming review of job displacement studies, Ferman and his co-author William Haber are finding it possible, even if not easy, to come up with conclusions that are supported with varying degrees of significance by various of the job displacement studies. I think there are two reasons for this: one is that labor market behavior of comparable groups under similar sets of circumstances is, in fact, very similar, and, the second is that the research techniques and the underlying theoretical framework are not really as diverse as Ferman implies.

In discussing concepts and theory it is misleading to concentrate exclusively on job displacement studies. Such studies, in my opinion, should be viewed as a special case and as additive to more general labor mobility studies. Many of the more-general local market studies include job displacement, in that they cover both voluntary and involuntary job mobility. To use but one illustration, in Palmer's *Labor Mobility in Six Cities*[2] about a fourth of all separations re-

[1] Herbert S. Parnes, *Research on Labor Mobility* (N. Y.: *Social Science* Research Council, 1954) and "The Labor Force and Labor Markets," in *Employment Relations Research* (N. Y.: Harper, 1960).

[2] Gladys L. Palmer, *Labor Mobility in Six Cities* (N. Y.: Social Science Research Council, 1954).

ported in that comparative study resulted from layoffs. Insofar as labor mobility is concerned, it is considerably more important to know whether a job separation resulted from layoff or from a quit than it is to know the particular cause of the layoff or quit. By this I do not mean that large-scale displacement (as in a plant shutdown) is not an important phenomenon worthy of separate study, but I am merely pointing out that the behavior of those who are actively in the job market can be compared whatever the causes of job separation.

It is my opinion that one who is thoroughly familiar with empirical research on labor mobility could have predicted the major findings of the Conant and Williams-Foltman-Rosen studies, except perhaps for the behavior of the public employment service in Conant's study. Even here, it should be noted that the agency was allocating its resources so as to maximize its impact on the market. The predictability of the Conant and Williams findings is based upon empirically-based labor market theory that explains, at least in broad outline, the behavior of workers and employers under varying sets of circumstances.

This theory is certainly not complete and unfortunately has not been fully restated to reflect research results of recent years. I would agree with Ferman, therefore, on the usefulness of the following:

1) more replication of studies under varying economic conditions;

2) cooperative development, as much as possible, of standardized techniques and schedules in local labor market studies (the Area Redevelopment Administration and the Office of Manpower, Automation, and Training might make some contributions along this line);

3) experimentation with approaches developed in other fields of study such as the decision making process as it applies to retraining and relocation; the personality variable in job search; and the problem of individual adjustment to new occupations and new surroundings; and

4) someone brave enough to attempt a comprehensive restatement of the theory of the labor market that will draw upon the work of sociologists and psychologists as well as economists.[3]

[3] See comments in Richard C. Wilcock and Irvin Sobel, *Small City Job Markets* (Urbana: University of Illinois, Institute of Labor and Industrial Relations, 1958), pp. 142–144.

Part X

REPORTS

MINUTES OF THE IRRA EXECUTIVE BOARD MEETING

PHILADELPHIA, MAY 9, 1962

The IRRA Executive Board met on Wednesday, May 9, 1962, 12:00 noon, in the University Museum, University of Pennsylvania, Philadelphia. Present were: President Charles Myers, Editor Gerald Somers, Board Members James C. Hill, William McPherson, Frederic Meyers, David Johnson, for the Secretary-Treasurer, Mrs. Frances Bairstow, Messrs. Marten Estey, William Gomberg, Milton Weiss.

Mrs. Bairstow reported on the 1963 Spring Meeting arrangements and program for H. D. Woods, Arrangements Chairman. The meetings will be held in conjunction with McGill University's Annual Industrial Relations Conference at the Queen Elizabeth Hotel, Montreal, on Monday, May 6, and Tuesday, May 7. Mr. Myers suggested that a Friday and Saturday might be better, but the Montreal Chapter should decide on the dates when local attendance is likely to be greatest. Tentative titles for the spring program, "Trouble Spots in Industrial Relations," and an alternate topic, "The Press and Labour Relations," were submitted and discussed. Fewer papers and more discussions were suggested. Because the Industrial Relations Conference customarily publishes and sells a court reporter's transcript of their annual proceedings, joint publication with the *Labor Law Journal* was discussed. G. Somers was instructed to check with the *Labor Law Journal* and ascertain their attitude. Permission for the *Labor Law Journal* to include their subscription advertising card in our Spring Proceedings reprints was discussed and granted.

Presentation of the Montreal Chapter's charter was made; there are now 46 members in the local chapter, Mrs. Bairstow reported.

D. Johnson reported for the Nominating Committee. Another Labor nominee was to be provided by George Shultz, Chairman, to complete the slate. The president was to appoint the 1963 nominating committee before the December meeting.

The financial report was read. Rising costs of operation necessitate discussion of a raise in dues at the next meeting. A meeting fee raise to $5.00 was suggested by Gomberg. A differential rate for educators and for industry was discussed as a possibility.

The meeting discussed the recruitment of new members through

local chapter secretaries, with emphasis on the value offered in the $3.00 student rate. A letter from the president and a packet of membership materials was to be sent to each chapter. Inclusion of national IRRA fees with local fees was suggested. It was suggested that better communication between the local chapters and the national association is needed; and that the relationship of the local chapters to the Association should be clarified.

G. Somers indicated that the next volume, *Public Policy and Collective Bargaining,* will be published in July. The *Technology* volume is progressing satisfactorily and will be published in 1963. F. Meyers brought up a complaint about the length of time required to publish our volumes. A change of publishers was discussed with further consideration to be given to this at the December Meeting.

Marten Estey reported on the progress of the proposed volume dealing with union government. The manuscript was to be submitted on schedule, which would permit publication in 1964.

Public interest disputes were suggested as a possible future volume, with George Shultz, Neil Chamberlain, Bob Fleming, and Nathan Feinsinger as suggested contributors.

Program and arrangements for the Annual Meeting, December 27–28 at the Pick-Roosevelt Hotel in Pittsburgh were discussed. National mailings about the meetings should go out earlier for better attendance among university people; a preliminary program in the *Autumn Newsletter* would be helpful. Eight sessions instead of nine, with one joint session with the AEA, were proposed for the Pittsburgh Meeting.

The Editor was instructed to write speakers stressing the importance of limiting talks to twenty minutes. Written papers could be longer. C. Myers commented that a judicious mixture of younger blood and established speakers would be desirable; some younger discussants should be included.

Arrangements for the 1963 Annual Meeting to be held in Boston at the Sheraton Plaza Hotel were discussd. Les Woods is arrangements chairman.

The Board agreed to join with the AEA at the New Hilton in New York City for the December 1965 meeting.

Application of the Tennessee Chapter for official recognition was considered. It was moved by James C. Hill and seconded by F. Meyers to extend official recognition. Motion carried.

President Myers adjourned the meeting at 1 :00 p.m.

IRRA EXECUTIVE BOARD MEETING

DECEMBER 27, 1962
PITTSBURGH, PENNSYLVANIA

The I.R.R.A. Executive Board met on Thursday, December 27, 1962, 6:00 p.m. at the Pick-Roosevelt Hotel, Pittsburgh, Pennsylvania. Present were: President Myers, President-elect Whyte, Acting Secretary-Treasurer Johnson, Editor Somers, Board Members Bancroft, Bernstein, Bloch, Jensen, Kassalow, McPherson, Meyers, Miller, Seidman, Shister, Weinberg, H. D. Woods; and Messrs. Barkin, Dankert, Dymond, Joseph, and Hildebrand.

President Myers welcomed the new Board members and thanked those whose terms expired at the end of this meeting.

In presenting the Secretary-Treasurer's Report, David Johnson indicated that the membership tabulation showed a substantial increase in the past year—almost 400 including a large number of junior memberships. Much of the increase was due to President Myers' excellent promotional letter distributed to local chapters, and to other promotional mailings.

The financial report indicated a deficit. Deficits tend to occur in each year that a special volume is published, as demonstrated in a comparative statement of cash receipts and disbursements for the years 1955–1962.

Reasons for the deficit in spite of a membership increase can be seen in the fact that the annual per capita membership publications cost is $5.02, plus overhead costs. The total per capita cost exceeds annual dues of $3.00 for junior members and $6.00 for regular members. In discussing the possibility of a dues increase, President Myers noted that historically we have followed the American Economic Association in dues increases. He appointed a committee to study the possibility of a dues increase and report at the Montreal meeting; the committee was to consist of Johnson, Whyte, Kassalow, Myers, and others willing to participate. David Johnson was to check on the procedure by which the last dues increase was handled. Solomon Barkin suggested the possibility of charging for the special volume on alternate years.

President Myers offered a statement of gratitude on behalf of the

Executive Board to Myron Joseph for the work of the local arrangements committee.

Johnson reported the Buffalo Chapter's application for affiliation. He noted that its constitution and by laws are in order except for the requirement that officers of local chapters must be a member of the National Association. The chapter will not only change its bylaws to conform with regard to officer membership but plans to require all its members to be National Association members. Motion was made by McPherson and seconded by George Hildebrand that the Board approve the Buffalo Chapter's application for affiliation—contingent upon this change in its bylaws. Motion passed.

Barkin suggested the Board contemplate establishment of extraterritorial chapters. He suggested a Paris chapter as a possible start along this line. The 10–15 IRRA members or potential members permanently located in Paris could arrange monthly meetings. The number of scholars passing through Paris is legion and a local chapter there could be a useful vehicle for those who come by to meet other members of this fraternity. The Board offered encouragement toward exploration of these possibilities.

George Hildebrand, Chairman of the Nominating Committee, presented the committee's report on nominations for 1964 officers. The motion was made and seconded to accept the committee's report. Nat Weinberg inquired whether past AFL or CIO affiliation of the union nominees had been or should be considered in balancing the choice of nominees. Joseph Bloch questioned the practice of nominating two persons for each office. It was decided to continue with present procedures.

In the Editor's Report, Gerald Somers indicated that *Adjustments to Technological Change* would be published in July 1963. Joseph Shister expressed concern about long delay in publication of *Public Policy and Collective Bargaining.* Motion was made by Irving Bernstein and seconded by William McPherson that the Board go on record as expressing concern to the publisher over the delay and some typographical problems in the publication of this volume. Motion passed.

A list of chapter titles and authors was presented to the Board on behalf of Philip Taft, Marten Estey and Martin Wagner, editors of the volume on the Landrum-Griffin Act, to be published in 1964.

Clyde Dankert reported on the progress of the *Hours of Work* volume. The Editorial Board consisting of Floyd Mann, Herbert

Northrup, and Dankert had not been able to meet, but the type of volume, title, and outline of chapters had been tentatively set up. The essays were planned as a combination of empirical research and more general analytical studies, with representative groups of contributors, under the possible title of *Shorter Hours*. Gertrude Bancroft questioned whether this also included longer hours, and Vernon Jensen suggested that "Hours of Work" as a possible title would give wider coverage to the subject. Irving Bernstein suggested that the specific title could be chosen later. Myers asked Dankert to circulate a new outline for the volume to the Executive Board for comments and additional suggestions after the next Editorial Board meeting.

Publication of a new membership directory in 1965, 1966, or 1967 was discussed. Various possibilities were discussed, including a pamphlet listing members' name, address, and affiliations, to be distributed separately or as an appendix to the *Proceedings*. It was recognized that a full directory has great value but becomes obsolete rapidly. It was decided that a full directory, similar to previous directories, should be published, with a specific date to be established at a later meeting.

The meeting then discussed selection of the 1966 special volume. Joseph suggested a volume on behavioral sciences research in industrial relations; Barkin an international survey of industrial relations research, with chapters from countries such as England, Sweden, Japan and a concurrent series of chapters on cross-sectional studies. William Whyte suggested an evaluation of health and welfare programs, another volume surveying a decade of industrial research, or a study of the special problems of various categories of workers (young, old, minority groups) as was done in the earlier *Manpower* volume. Everett Kassalow suggested a volume on recent trends in collective bargaining. After lengthy discussion, a committee composed of Sol Barkin, William Dymond, Everett Kassalow, and Fred Meyers was appointed to make further study of this question and report to the next Board meeting.

H. D. Woods presented the tentative program for the Spring Meeting in Montreal, May 6–7, 1963, to be held in conjunction with McGill University's Annual Industrial Relations Conference. Suggestions were made concerning topics and speakers. It was recommended that shorter papers or summaries of papers be read with more time permitted for discussion.

The meeting then discussed selection of the site of the 1964 Spring Meeting. It was noted that an invitation had been received from the Tennessee Chapter to hold the meetings in Knoxville or Gatlinburg. A motion to hold the 1964 Spring Meeting in Knoxville was made by F. Meyers and seconded by Kassalow. Motion was passed.

It was suggested that this decision was in keeping with the policy of giving recognition and encouragement to new local chapters; since the meeting would be located outside of a large population center, however, a special effort and much promotion would be required to encourage attendance.

The choice of a secretary-treasurer to replace Ed Young, who had resigned, was the next order of business. President Myers commended the good work and cooperation of the team of Editor Somers and Acting Secretary-Treasurer Johnson at Wisconsin and suggested that it would be appropriate to nominate Johnson for a three-year term as Secretary-Treasurer of the Association to replace Ed Young. The motion was made, seconded, and passed.

Finally, William F. Whyte discussed program ideas for the Sixteenth Annual Meeting, December 27–28, 1963, at the Sheraton Plaza Hotel in Boston. Suggestions, including some of the items discussed at the afternoon membership meeting, were:

1. An essay contest on mediation techniques in international affairs.
2. Evaluation of research in industrial relations in developing countries with the participation of union and management people from these countries.
3. A workshop session on sources of data in industrial relations, including the problems of deficiencies in types of key data.
4. Changing patterns of union-management relations. New trends in management initiative in bargaining.
5. New patterns in settling disputes and the role of Government intervention.
6. Human relations behavioral research; new approaches to management development and techniques in human relations.
7. Group incentive systems, including the Scanlan plan.
8. Retraining of workers and the whole complex of redevelopment programs under French, Swedish, and other European experience.
9. Collective bargaining experiences that worked out to the satisfaction of the parties, recollected in tranquility by the participants a year later.

10. Non-merit factors in employment; selection procedures not related to merit.

J. Wade Miller commented on the difficulty in selecting subjects on which management is willing to talk. Miller recommended greater membership participation in discussions. Panel discussions using a tape recorder instead of written papers might be more conducive to membership participation.

Pres. Myers again thanked the Executive Board for its assistance and the Madison group for its help. The meeting adjourned at 10:10 p.m.

MINUTES OF THE IRRA MEMBERSHIP MEETING

December 27, 1962

Charles Myers presided and introduced the incoming president, William Whyte, and the president-elect, Solomon Barkin.

A discussion was held on the need for a dues increase in view of the Association's growth of membership and continued deficits.

President Whyte asked for suggestions of annual meeting topics. David Lasser recommended that two or three subjects be discussed in depth for a couple of days rather than include so many shorter discussions. John Herling suggested panel discussions by labor and management representatives who had been engaged in successful negotiations. Other suggestions included a discussion of the special employment problems of specific groups of workers: older workers, racial minorities, etc., and an assessment of the results of ARA retraining programs.

President Whyte also noted the following suggestions which had been made for the next annual meeting: problems of mediation in different countries; effects of industrial relations processes on economic growth; sources of data on wages and labor mobility; union-management relations at the plant level; dispute settlement and collective bargaining pattern changes; human relations, especially the effects of technology and management development programs.

Solomon Barkin discussed the employment opportunities and the research opportunities in the Manpower and Social Affairs Division of OECD. He stressed the tie-in of research and international policy.

HOUGHTON, TAPLICK & CO.

CERTIFIED PUBLIC ACCOUNTANTS

December 19, 1962

Executive 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, 1962 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, 1962

Exhibit "B"—Comparative Statement of Cash Receipts and Disbursements for the Fiscal Years Ended November 30, 1961 and November 30, 1962

Exhibit "C"—Bank Reconciliation, November 30, 1962

The available cash resources of the Industrial Relations Research Association on November 30, 1962 totaled $11,391.53, consisting of $6,391.53 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 the savings association.

As is set forth in Exhibit "A" and "B", the cash receipts for the fiscal year totaled $15,881.70 and the disbursements totaled $19,005.03. The disbursements exceeded the receipts by $3,123.33. The cash receipts for the 1961–62 fiscal year exceeded the cash receipts for the 1960–61 fiscal year by $2,398.87. The cash disbursements for the 1961–62 fiscal year exceeded the cash disbursements for the 1960–61 fiscal year by $6,797.71.

The cash receipts journals for the various classifications of income were footed by us. We feel that the record keeping has been greatly improved from previous years.

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 presents the cash transactions of the Industrial Relations Research Association for the fiscal year ended November 30, 1962.

Respectfully submitted,
HOUGHTON, TAPLICK & CO.
Certified Public Accountants

Exhibit "A"

INDUSTRIAL RELATIONS RESEARCH ASSOCIATION

Madison, Wisconsin

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
Fiscal Year Ended November 30, 1962

Cash Balance, December 1, 1961		$ 9,514.86
Cash Receipts:		
Membership Dues	$11,699.00	
Subscriptions	1,020.00	
Sales	1,862.93	
Mailing List	296.80	
I.R.R.A. Conferences and Meetings	524.14	

Interest	200.00	
Royalties	272.18	
Miscellaneous	6.65	
Total Receipts		15,881.70
Total Cash		$25,396.56
Cash Disbursements:		
Salaries	$ 3,359.52	
Social Security Taxes	100.66	
Printing	1,035.06	
Postage	684.71	
Services and Supplies	610.02	
Publications	11,824.23	
Travel, Conference and Meeting Expenses	1,206.31	
Telephone and Telegraph	45.18	
Audit Expense	100.00	
Membership Dues Refunds	6.00	
Miscellaneous	33.34	
Total Disbursements		19,005.03
Cash Balance, November 30, 1962		$ 6,391.53

Exhibit "B"

INDUSTRIAL RELATIONS RESEARCH ASSOCIATION

Madison, Wisconsin

COMPARATIVE STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
Fiscal Years Ended November 30, 1961 and November 30, 1962

	Year Ended 11-30-62	Year Ended 11-30-61	Increase	Decrease
Cash Receipts:				
Membership Dues	$11,699.00	$ 9,795.15	$1,903.85	$
Subscriptions	1,020.00	945.00	75.00	
Sales	1,862.93	1,444.07	418.86	
Royalties	272.18	240.07	32.11	
Mailing List	296.80	280.90	15.90	
Cash Over		125.93		125.93
Travel, Conference and Meetings	524.14	451.71	72.43	
Interest Income	200.00	200.00		
Miscellaneous	6.65		6.65	
Totals	$15,881.70	$13,482.83	$2,398.87	$
Cash Disbursements:				
Salaries and Social Security	$ 3,460.18	$ 3,186.45	$ 273.73	$
Printing	1,035.06	1,062.94		27.88
Postage	684.71	570.47	114.24	
Services and Supplies	710.02	813.82		103.80
Publications	11,824.23	5,540.76	6,283.47	
Travel, Conference and Meeting Expense	1,206.31	831.07	375.24	
Miscellaneous	33.34	152.50		119.16

Membership Dues Refunds	6.00	12.00		6.00
Telephone and Telegraph	45.18	37.31	7.87	
Totals	$19,005.03	$12,207.32	$6,797.71	$
Excess of Receipts over Disbursements	$(3,123.33)	$ 1,275.51		$4,398.84
Add: Beginning Bank Balances	9,514.86	8,239.35	1,275.51	
Bank Balance, End of Year	$ 6,391.53	$ 9,514.86	$	$3,123.33
Home Savings and Loan Certificate #3384 Purchased in 1954	5,000.00	5,000.00		
Available Cash Resources	$11,391.53	$14,514.86	$	$3,123.33

PROGRAM

Fifteenth Annual Meeting—Pittsburgh

December 27-28, 1962

Pick-Roosevelt Hotel

REGISTRATION: Wednesday, December 26, 6:00-9:00 p.m.; Thursday, December 27, 9:00 a.m.-5:00 p.m., Second Floor

Thursday, December 27

SESSION I—9:30 a.m.—Ballroom

COMPARATIVE INTERNATIONAL LABOR STUDIES

Chairman: *John T. Dunlop,* Harvard University

Papers: *Vernon H. Jensen,* Cornell University, "Hiring Arrangements and the Rule Making Process in European Ports"
William H. McPherson, University of Illinois, "Grievance Settlement Procedures in Western Europe"
Michael Dudra, Saint Francis College, "Middle-Way Approaches to Union Security in Switzerland, Canada and Colombia"

Discussants: *Elmo P. Hohman,* Northwestern University
Everett Kassalow, Industrial Union Department, AFL-CIO

SESSION II—9:30 a.m.—Blue Room

THE IMPACT OF EMPLOYER ASSOCIATIONS UPON INDUSTRIAL RELATIONS

Chairman: *Leland Hazard,* Carnegie Institute of Technology

Papers: *Kenneth M. McCaffree,* University of Washington, "A Theory of the Origin and Development of Employer Associations"
Max S. Wortman, Jr., University of Iowa, "Influences of Employer Bargaining Associations in Manufacturing Firms"
Fred Munson, University of Michigan, "Employer Association Bargaining in the Lithographic Industry"

Discussants: *Martin Segal,* Dartmouth College
Jack Stieber, Michigan State University

LUNCHEON MEETING—12:00 Noon—Victorian Room

Directors of University Labor and Industrial Relations Centers (by invitation)

SESSION III—2:30 p.m.—Blue Room

THE CHANGING NATURE OF UNIVERSITY INDUSTRIAL RELATIONS PROGRAMS

Chairman: *Ronald W. Haughton,* Wayne State University

Participants: On Campus Teaching: *Dale Yoder,* Stanford University, and *Joseph Shister,* University of Buffalo
On Research: *Milton Derber,* University of Illinois, and *Gerald Somers,* University of Wisconsin
On Labor Education: *Fred Hoehler,* Brookings Institution, and *Arthur Carstens,* University of California (Los Angeles)
On Management Education: *George Odiorne,* University of Michigan, and Arthur M. Ross, University of California (Berkeley)
On University Programs Abroad: *John Windmuller,* Cornell University
On University-Government Relations: *H. D. Woods,* McGill University

SESSION IV—2:30 p.m.—Ballroom

OLDER WORKERS IN THE LABOR MARKET

Chairman: *J. Douglas Brown,* Princeton University

Papers: *Fred Slavick* and *John W. McConnell,* Cornell University, "Flexible vs. Compulsory Retirement Policies"
Philip Taft, Brown University, "Provisions Affecting Older Workers in Collective Bargaining Agreements"
Walter Franke, University of Illinois, "Labor Market Experience of Unemployed Older Workers"

Discussants: *William R. Dymond,* Department of Labour, Ottawa
Irvin Sobel, Washington University

GENERAL MEMBERSHIP MEETING—4:45 p.m.—Ballroom

EXECUTIVE BOARD DINNER—6:00 p.m.—Marine Room

SMOKER—9:00 p.m.—Ballroom

Friday, December 28

SESSION V—9:30 a.m.——Blue Room

TWENTY-FIVE YEARS OF INDUSTRIAL RELATIONS

Chairman: *Nat Weinberg,* United Auto Workers

Papers: *John Herling,* Washington, D.C., "The Twenty-Five Year Record of Collective Bargaining"
Leonard Woodcock, United Auto Workers, "New Problems for Collective Bargaining"
Jack Barbash, University of Wisconsin, "Prospects for Future Union Growth"

Discussants: *J. Wade Miller,* Dewey and Almy Chemical Division, W. R. Grace & Co.
Ralph Helstein, United Packinghouse Workers

SESSION VI—9:30 a.m.—Ballroom

IMPLICATIONS OF THE REPORT ON PUBLIC INTEREST IN NATIONAL LABOR POLICY

Chairman: *E. Wight Bakke,* Yale University

Papers: *Solomon Barkin,* Textile Workers Union of America, "New Labor Relations Policies and Remedies Suggested by Different Industrial Settings"
Russell A. Smith, University of Michigan, "Government Intervention in the Substantive Areas of Collective Bargaining"
Lloyd Ulman, University of California (Berkeley), "The Labor Policy of the Kennedy Administration"

Discussants: *George P. Shultz,* University of Chicago
Abraham J. Siegel, Massachusetts Institute of Technology
Myron Joseph, Carnegie Institute of Technology

PRESIDENTIAL LUNCHEON—12:00 Noon—Ballroom

Chairman: *William F. Whyte,* Cornell University

Presidential Address—*Charles A. Myers,* Massachusetts Institute of Technology, "The American System of Industrial Relations: Is It Exportable?"

SESSION VII—2:30 p.m.—Penn Sheraton Hotel—Monongahela Room

PUBLIC POLICY TOWARD THE LABOR MARKET (Joint Session with A.E.A.)

Chairman: *George H. Hildebrand,* Cornell University

Papers: *Simon Rottenberg,* University of Buffalo, "Labor Monopoly Policy Reconsidered"
Frank C. Pierson, Swarthmore College, "Agenda for Wage-Price Policy"

Discussants: *John T. Dunlop,* Harvard University
Walter Froehlich, Marquette University
William H. Peterson, New York University

SESSION VIII—2:30 p.m.—Pick-Roosevelt Hotel—Ballroom

BALANCED AND DEPRESSED LABOR MARKETS

Chairman: *Joseph Shister,* University of Buffalo

Papers: *Eaton H. Conant,* University of Chicago, "Public Employment Service Operations in a Clerical Labor Market"
Louis A. Ferman, Wayne State University, "Some Conceptual and Methodological Considerations in the Study of Job Dislocation"
Lawrence K. Williams, F. F. Foltman, Ned A. Rosen, Cornell University, "Some Social-Psychological Correlates of a Depressed Area"

Discussants: *Harold L. Sheppard,* Area Redevelopment Administration
Richard C. Wilcock, University of Illinois