



1957

The non-pecuniary contributions of labor unions to their members

Wayman Wesley Steed
University of the Pacific

Follow this and additional works at: https://scholarlycommons.pacific.edu/uop_etds



Part of the [Economics Commons](#)

Recommended Citation

Steed, Wayman Wesley. (1957). *The non-pecuniary contributions of labor unions to their members*.
University of the Pacific, Thesis. https://scholarlycommons.pacific.edu/uop_etds/1361

This Thesis is brought to you for free and open access by the Graduate School at Scholarly Commons. It has been accepted for inclusion in University of the Pacific Theses and Dissertations by an authorized administrator of Scholarly Commons. For more information, please contact m gibney@pacific.edu.

THE NON-PECUNIARY CONTRIBUTIONS OF LABOR UNIONS 2
TO THEIR MEMBERS

A Thesis
Presented to
the Faculty of the Department of Economics
College of the Pacific

In Partial Fulfillment
of the Requirements for the Degree
Master of Arts

by
Wayman Wesley Steed
June 1957

TABLE OF CONTENTS

CHAPTER	PAGE
I. INTRODUCTION (The Union's Dilemma)	1
II. THE PSYCHOLOGICAL ASPECTS	5 5
III. COLLECTIVE BARGAINING AGREEMENTS	11 11
Introduction	11 11
Safety and Health	14 14
Safety	14 14
Health	26 24
Seniority	32 29
Promotion	36 32
Transfer	41 37
Layoff and Rehire	44 39
Leave of Absence	48 43
Discipline and Discharge	50 44
Grievance Procedure	53 47
IV. UNION-MANAGEMENT COOPERATION	61 54
The Scanlon Plan	63 55
Case Studies ^{Study}	67 59
Lapointe Machine Tool Company	67
X Adamson Company	72
X Amalgamated Clothing Workers	75
X Glass Bottle Blowers	81
X Naumkeag Steam Cotton Company	83
Two brief studies: Failure of union- management cooperation	89 63

CHAPTER

PAGE

Conclusions Regarding Union-Management

Cooperation 91 64

V. GENERAL CONCLUSIONS 96 68

BIBLIOGRAPHY 102 73

LIST OF TABLES

TABLE	PAGE
I. Proportion of Wage Earners Under Union Agreements in 1946	15
II. Consideration of Seniority in Determining Order of Lay-offs	33
III. Consideration of Seniority in Selecting Employees for Promotion	34
IV. Distribution of Provisions for Initial Presentation of Grievances	57

CHAPTER I

INTRODUCTION

(The Union's Dilemma)

Over the course of its existence, trade unionism has cited various reasons, ranging from "a living wage" to "ability to pay," in efforts to attain higher wages for their members. However, the argument with the most merit is that of "increased productivity—increased wage;" the wage we speak of here being a non-inflationary one.

"Increased productivity is not the only possible source of wage increases; but it is the only thing that can enable a long continued and substantial wage increase to be absorbed without pushing prices up."¹

"During the last century, output per man hour has increased at the average rate of nearly 2 per cent per year..."² To this proposition consider also that there may be some slack in profits which might absorb some wage increases, and, in addition, the possibility of a long run trend toward a very slow decrease in the percentage of total product going to property, with an offsetting increase in the share going to labor. "In that case, if over-all productivity

¹ John M. Clark, The Impact of the Union, edited by David McCord Wright (New York: Harcourt, Brace and Company, 1951), p. 14.

² Sumner H. Slichter, The American Economy (New York: Alfred A. Knopf, 1948), p. 20.

increased, for example, 2 per cent per year, it might be practicable for wages to increase very slightly more, but the excess would be of the order of magnitude of a very small fraction of 1 per cent."³

Excessive wage increases can only result either in inflation or unemployment. "Money wages push up costs if they rise faster than average productivity per man-hour."⁴ While this is true of the economy as a whole, single unions can achieve excessive wages with the burden mostly passed on to the rest of the public. Therein lies the problem. When one union succeeds in raising wages for its members, there results a pressure upon other unions to do likewise. "This pressure appears to be felt as compulsory--a necessity of survival for the union, or at least for the leaders, if they are to hold their jobs."⁵ The result is a continued spiral of inflation. But "...our society will not tolerate an indefinite rise in prices. Sooner or later, steps will be taken through monetary or fiscal policy, or direct control, to counteract further price rises."⁶

³Clark, op. cit., p. 14.

⁴Ibid., p. 23.

⁵Ibid.

⁶Gottfried Haberler, The Impact of the Union, p. 39.

Thus we have the union's dilemma: Wage increases have been their justification for existence in the past, but these increases have now become so burdensome as to invite public censure and limitation by statute. Are there, then, any alternatives to this situation in which union leaders, to justify themselves to the members, feel under a compulsive pressure to ask, at times, for cost- and price-increasing concessions despite their better judgment? The most promising answer is that union members might be persuaded of the futility of wage increases that are offset by price increases or, alternatively, by unemployment.

A non-inflationary wage level dictated by rules of reason and backed up by the threat of legislative force is a decided possibility, if unions fail to exercise a fair measure of restraint. The main stumbling block to adoption of proper union policy is the other horn of the union's dilemma. With their opportunity to produce gains in the form of money wages or other concessions raising costs greatly curtailed, can labor leaders justify not only their own position but the existence of the entire union to their rank and file?

Do unions make non-pecuniary contributions to their members? Are these contributions regarded by the members to be of sufficient importance to justify, at times, the unions' existence?

This paper will consider the non-pecuniary contributions of labor unions to their members in an effort to ascertain their merit as an answer to the union leader's dilemma.

The writer would make it very clear that his thought is not to consider the possibility of a complete substitution of non-cost gains for those which do cost the employer. It is expected that wages will continue to be raised as the rise in average productivity makes this possible. The substitution considered is in those cases in which the best judgment of union leaders might be over born by the membership's demand for service from their union in pecuniary form--perhaps because, though erroneously, it was the only type of union service they had learned to recognize.

CHAPTER II

THE PSYCHOLOGICAL ASPECTS

"Workers organize into labor unions not alone for economic motives but also for equally compelling psychological and social ones..."¹

The laboring man seeks economic, psychological and social satisfaction in his job. When all or any one is absent, the worker in order to compensate, seeks an additional outside satisfaction. Union membership is one form of such compensation.

The charge has been levied by employer groups that unions are and have been actively seeking ways of tying their members more closely to their unions. They maintain this is being done on the false assumption that a union member must give his total loyalty to the union to be a good union member. This concept is in conflict with other institutional loyalties commonly found in all communities, such as churches, lodges, employer, and various other social and political groups. However, Golden and Ruttenberg, acknowledged spokesmen for reliable and competent unionism, are quite definite in denying this accusation. "...Union membership is not an escape or a substitute satisfaction but a means for workers to find direct satisfaction in

¹Clinton S. Golden and Harold J. Ruttenberg, The Dynamics of Industrial Democracy (New York: Harper and Brothers, 1942), p. 3.

their daily jobs for economic, psychological, and social needs."²

There has been, in the past, an overemphasis on the economic factors in union-management relations. It would be impossible completely to separate the three needs and say this one or that one was the motivating factor for any particular act. But it should be noted, "...the dynamic quality, the militancy and the crusading spirit of the labor movement...in the last decade were nurtured by the failure of management to satisfy the non-economic needs of workers."³

Trade unionism serves as a balance of power between the employer and his employees. No man can function at maximum efficiency who feels he is actually being exploited or that he could easily be exploited. Exploitation may take many forms from employer-dominated company unions to company towns where everything is controlled--dry goods and grocery stores, housing, schools, and local government. The worker who questioned such authority might find things didn't "go as well" as before. If he was vociferous in his condemnation, he might find himself discharged as "disloyal".

Our tradition holds a man to have inalienable rights to Life, Liberty, and the Pursuit of Happiness. Davenport⁴

²Ibid., p. 7.

³Ibid., p. 21.

⁴Russell W. Davenport, "The Greatest Opportunity on Earth," Fortune (October, 1949), 66.

lists a different sphere of human life covered by each of these propositions. The Right to Liberty is the political Right; the Right to the Pursuit of Happiness has meaning in the spiritual or cultural sphere. The Right to Life, however, has undergone a change with the passage of time. Originally, thought of solely as the right to protection of life and limb, the Right to Life has extended into the economic sphere. "Men still need protection from violence; yet violence does not constitute the chief threat to life. This threat has now become economic. In an industrial city like Pittsburg, for example, it is sheer hypocrisy to talk about the Rights of Man in terms only of Liberty and the Pursuit of Happiness. Since meat, milk, and vegetables will not grow on Pittsburg's streets, when a worker loses his job he cannot eat--that is, he cannot live."⁵

By uniting in the formation of a common front, labor is able to offset management's enormous advantage of individual contract--in effect, a balance of power situation is created. "Trade unionism starts from the recognition of the fact that under normal conditions the individual, unorganized workingman cannot bargain advantageously with the employer..."⁶ Singly, the worker has only a nominal freedom

⁵ Ibid., p. 67.

⁶ Paul Douglas, Curtice N. Hitchcock, and Willard Atkins, The Worker in Modern Economic Society (Chicago: University of Chicago Press, 1923), p. 524.

to contract. In reality, his freedom is dependent upon the whim of the employer or the alternatives offered by vigorously competing employees. There is no reply possible, commensurate with the psychological and economic needs of the worker, except group action to management's rebuff of, "if you don't like it here, you can quit."

The individual's need to maintain pride and dignity, has been endangered by his fear of going without a job. This fear has varied with the fluctuation of the business cycle and the relative abundance of jobs. One thing is certain, though, the individual usually loses--either economically or psychologically. Labor unions, have made a distinct non-pecuniary contribution by enhancing the freedom, dignity, and personal worth of the individual workingman. Moreover, this is a contribution that is continuing in nature. In the early days of trade unionism, each concession on the part of management was particularly noteworthy.

Today, the humane, Christian treatment of organized labor in the United States is the rule, not the exception. However, the balance of power concept is as important a benefit now as it formerly was, because it is a guarantee to the workingman that he will not revert to his previous status. Adam Smith once said that we would all be monopolists if we could. Thus, if both sides have the potential to withstand a direct show of strength, that showdown is less likely to come about. One strong and one weak member, be it union

or management, invites the other to impose its wishes by power policies. Where both sides are evenly paired, with the likelihood of a pyrrhic victory at best for the stronger, peaceful conditions usually prevail.

Thus far, we have considered the psychological values of the union to its members when dealing with a militant employer. What of the employer who has the best interests of his workers at heart? Does the union have any utility as a psychological force under these circumstances?

"An employer, be he ever so well-meaning, stands in the way of future progress if he insists upon dealing with his workmen as individuals.⁷ Only the union can give a worker the sense of job security he needs to be complete person. In addition, it is essential that labor be represented by whomever it designates. "Experience and reason both show that a man, even if otherwise qualified, who is dependent upon the good will of an employer, is in no position to negotiate with him, since an insistence upon what he considers to be the rights of the men represented by him may mean his dismissal or, at all events, the loss of the favor of his employer."⁸

The paternalism in the employer has limited place in labor relations of today. Its only value comes when justice

⁷ Ibid., p. 526.

⁸ Ibid., p. 527.

has been given as a minimum. Then the rendering of mercy has virtue, indeed. However, in another sense, justice transcends charity. A man wants what is his just due--not what someone, acting in the capacity of lord-and-master, deigns to give him. Even though the negro slave in nineteenth century America often fared better under a considerate Southern master than as a free man, the system was intrinsically wrong. So also is that form of paternalism, which robs the workingman of his pride, dignity, and self confidence. At a cork workers' organizational meeting, a comely girl summed up her employer thus: "They do everything for you but provide you with a husband, and I even know girls who they got husbands for. And them what ain't got time to get pregnant, they get foster kids for."⁹

Industrial dictatorship has no place in a democracy. Just as the Constitution safeguards our political and spiritual rights, so also does the union stand as a protector of the workingman's economic interests and, with it, the peace of mind that accompanies it. This union power is a bulwark of non-pecuniary values in addition to such pecuniary ones as it may serve.

⁹Golden and Ruttenberg, op. cit., p. 15.

CHAPTER III

COLLECTIVE BARGAINING AGREEMENTS

I. INTRODUCTION

"It is fairly well known that unions engage in a variety of activities and services for their members which lie outside the purely pecuniary sphere. Many of them are not directly related to their members' work, but rather to their recreational or community life. Examples of such activities or services include worker education, social events, recreational programs, book clubs, benefit programs. Some unions provide specialized counselling service for their members.¹ Unions have even been known to provide legal service free of charge to members with damage claims against their employers.² Generally speaking, however, union services which fall into the foregoing categories are sporadic in occurrence. Moreover, it should be noted that "no successful union has put...uplife activities ahead of the bread and butter problems of its members. The fundamental purpose of organized labor in this country has always been collective bargaining and so it remains up to now."³

¹ Letter from H. M. Douty, Chief, Division of Wages and Industrial Relations, Bureau of Labor Statistics, U. S. Department of Labor, February 2, 1954.

² Anonymous, "Woman Wins Porterville Damage Suit Settlement," San Francisco Examiner, September 30, 1954.

³ Phelps, op. cit., pp. 463-464.

"In a survey taken in the State of Washington in 1949 by the Institute of Labor Economics of the University of Washington, it was discovered that eight times as many workers preferred a secure income, as evidenced by a steady employment to higher wages."⁴

This survey may or may not be representative of the country as a whole; the sampling area is too limited. However, the results are not so surprising as they may at first seem.

Today, America is a nation of employees. Four out of five members of the labor force work for wages. The era of sole proprietor dominance is no more. With its passing, comes a change in the factors which make for security. "Security is not new; it is a basic emotion."⁵ The only innovation is the methods by which it is sought.

Labor unions seek to promote for their members a measure of job security as well as other non-pecuniary benefits, primarily by the negotiation of collective bargaining contracts. Approximately 50 percent of industrial workers are covered by collective agreements, an increase of nearly 40 percent in the last twenty years. (See Table I for the breakdown by industries.)

⁴ Ewan Clague, "The Worker's Quest for Security," unpublished mimeographed remarks before Third Personnel Management and Industrial Relations Seminar, University of California at Los Angeles, November 28, 1950.

⁵ Ibid.

Before examining the extent and evaluating the specific non-pecuniary benefits which are secured by unions for their members, it is necessary first to define what constitutes a non-pecuniary contribution.

As the name implies, non-pecuniary benefits are those which cost the employer little or nothing in the long run. For example, shorter hours at the same pay and not accompanied by offsetting increases in production are in no wise non-pecuniary. Indeed, they are quite as pecuniary as wage increases. However, inexpensive safety equipment, over and above that required by law, would involve an initial outlay. But if it materially reduced absence due to illness and raised employee morale to the extent that the value of the increased productivity exceeded the cost of its installation and maintenance, the equipment would constitute a non-monetary benefit.

Also, there are circumstances where the pecuniary and non-pecuniary merge. Measures intended to prevent the arbitrary dismissal of workers would appear to be non-pecuniary. However, if these measures made possible the continued employment of non-producers, they would add to costs and so be pecuniary.

"An examination of current collective bargaining agreements indicates the emphasis unions place on non-monetary factors, such as job security (seniority); health and safety measures, protection of employees against discrimination and

discharge; procedures for settling disputes; and a wide variety of other working rules designed to achieve material, although intangible, improvements in conditions of employment,"⁶

One question needs to be asked of each specific non-pecuniary benefit and of all these services as a whole. Is the union activity in this field appreciated by its members to the extent of resolving the union leaders' dilemma? However, this question can not readily be answered. It is possible only to reach an approximation of the respective values in the eyes of union leaders by considering the service in detail and noting its prevalence in collective bargaining contracts.

Let us, then consider these non-pecuniary contributions in more detail in order to evaluate their respective merits as well as the over-all potential.

II. SAFETY AND HEALTH

Safety. Up to the turn of the century in this country, industry paid relatively little attention to the physical well-being of its workers. Enough legal loopholes in the existing laws permitted industry to avoid financial responsibility for accidents. Employers were able to escape this burden by pleading any one of three conditions:⁷ (1) an

⁶Letter from Douty, op. cit.

⁷Michael J. Jucius, Personnel Management (Chicago: Richard D. Irwin, Inc., 1950), p. 315.

TABLE I

PROPORTION OF WAGE EARNERS UNDER UNION AGREEMENTS IN 1946

Manufacturing Industries				
80-100%	60-79%	40-59%	20-39%	1-19%
Agricultural equipment	Book, job printing & publishing	Baking Chemicals, exclud- ing rayon yarn	Beverages, non-alcoholic Confectionery products	None
Aircraft & parts	Coal prod- ucts	Flour & other grain products	Cotton textiles	
Aluminum	Canning & preserving foods	Furniture	Dairy products	
Automobiles & parts	Dyeing & finishing textiles	Hosiery	Silk & rayon textiles	
Breweries	Gloves, leather	Jewelry & silverware		
Carpets & rugs, wool	Machinery, except agri- cultural equipment & elec- trical machinery	Knit goods		
Cement	hats	Leather, luggage, handbags, novelties		
Clocks & watches	Millinery & hats	Lumber		
Clothing, Men's	Paper & pulp	Paper products		
Clothing, Women's	Petroleum refining	Pottery, in- cluding chinaware		
Electrical machinery	Railroad equipment	Shoes, cut stock & findings		
Furs & garments	Steel products except pottery	Stone & clay products		
Glass & glassware	Tobacco			
Leather tanning	Woolen & worsted textiles			
Meat packing				
Newspaper printing & pub- lishing				
Non-ferrous metals & products except those listed				
Rayon yarn				

Monthly Labor Review, Vol. 64 (1947), p. 766, quoted by Neil W. Chamberlain, "Collective Bargaining," p. 43.

employee's own carelessness, (2) the actions of a competent fellow-worker, and (3) the risk connected with the work which the worker was willing to take when he accepted employment.

Following much agitation to legislate away these common law precedents, the states, one by one, passed laws providing compensation for accidents and illness resulting from occupational hazards; all forty-eight states had some such legislation by 1938.

The provisions in the compensation laws make it expedient for management to reduce accidents and hazards, as the charges against any one employer (his insurance premiums) vary with the number and severity of compensatable accidents. Various merit ratings, whereby, rates are reduced for successful application of safety programs, serve as an added inducement to reduce accidents.

"The humanitarian aspects of safety have long been recognized, but relatively little was done about it until it was pointed out that not only should industry be interested in the safety of its workers because it was the socially and morally correct thing to do but that efforts expended in this direction paid in dollars and cents."⁸ The value to a company of a successful safety program that results in healthy and safe workers is not to be underestimated. "A more co-operative spirit, higher morale, better workmanship,

⁸ Walter Scott, Robert Clothier, and William Spriegel, Personnel Management (New York: McGraw-Hill Book Company, Inc., 1949), p. 397.

better use of materials and equipment, and better discipline are reflected in such workers."⁹

Few realize just how extensive industrial accidents still are. It is true a great deal has already been accomplished. "In 1911, for example, the normal expectancy of life for non-industrial workers was approximately 53.04 years, whereas that for industrial wage-earners was 46.63 years. In recent years this situation has improved so that life expectancy for wage-earners as a whole is only slightly less than for all members of our population."¹⁰ However, much remains to be accomplished; a statistical approach reveals some rather startling data:

"...Every year about 1 out of every 30 persons who are actually employed will suffer a 'disabling work injury' of some kind or other. Of these, 1 out of every 3,000 will be killed or permanently totally disabled, 1 out of every 750 will be partially disabled for life, and 1 out of every 32 will be laid up for a day or more without permanent after effects. The average loss in man-days was 22 per injury, or a total of 44.7 million for the country as a whole. This was equivalent to a year's full-time employment for 150,000 men. However, it represented only a part of the total production losses due to injuries. When allowance was made for the future effects of death and permanent disabilities (for only one year, 1947) the economic time loss chargeable to injuries was 233,700,000 man-days, or the equivalent of 780,000 man-years of employment."¹¹

⁹Jucius, op. cit., p. 314.

¹⁰Dale Yoder, Personnel Management and Industrial Relations (New York: Prentice-Hall, 1949), p. 539.

¹¹Source: "Work Injuries in 1947: Preliminary Estimates," Monthly Labor Review, March, 1948, pp. 301-302, quoted by Orme W. Phelps. Introduction to Labor Economics (New York: Prentice-Hall, 1950), pp. 212-213.

In addition to these direct costs, there exist also hidden or indirect costs resulting from accidents. H. W. Heinrich suggests the following list of items representing indirect costs, which he estimates, exceed direct costs by four times:¹²

1. Cost of lost time of injured employee.
2. Cost of time lost by other employees who stop work.
 - a. Out of curiosity
 - b. Out of sympathy
 - c. To assist injured employee
3. Cost of time lost by foreman, supervisors, or other executives as follows:
 - a. Assisting injured employee
 - b. Investigating the cause of the accident
 - c. Arranging for the injured employee's production to be continued by some other employee
 - d. Selecting, training, or breaking in a new employee to replace the injured employee
 - e. Preparing state accident reports or attending hearings before industrial commissioners
4. Cost of time spent on the case by first-aid attendant and hospital staff, when this time is not compensated by insurance.
5. Cost due to injury to the machine tools, or other property, or to the spoilage of material.
6. Cost due to interference with production, failure to fill orders on time, loss of bonuses, payments of forfeits, and other similar causes.
7. Cost under employee welfare and benefit systems.
8. Cost in continuing the wages of the injured employee in full, after his return--even though the services of the employee (who is not yet fully recovered) may for the time be worth only about half his normal value.

¹² Source: H. W. Heinrich, "Cost of Industrial Accidents to the State, the Employer, and the Man," Monthly Labor Review, Vol. 31, No. 5 (November, 1930), quoted by Scott, Clothier, and Spriegel, op. cit., pp. 400-401.

9. Cost due to the loss of profit on the injured employee's productivity and on idle machines.
10. Cost of subsequent injuries that occur in consequence of the excitement or weakened morale owing to the original accident.
11. Overhead cost--the expense of light, heat, rent, and other such items--that continue while the injured employee is a non-producer.

Experts in the field agree that a greater percentage of industrial accidents can be prevented. The report of the Committee on Labor-Management Cooperation for Safety holds that "the industrial accident problem can be solved only by full cooperation (on all levels) between employer and employee."¹³ It further found that labor unions also have a moral obligation to cooperate in accident prevention demonstrated by:¹⁴

- a. Taking its agreed part in the safety program in the plant.
- b. Using its influence in encouraging the employees it represents to work safely.
- c. Promoting accident prevention through its publications, union meetings and educational courses, with emphasis not only upon plant safety but also with due regard to safety in the home, on the highway, and in other activities outside the plant.

¹³ United States Department of Labor, Reports of the Committee on Labor-Management Cooperation for Safety. The President's Conference on Industrial Safety, 1949-1950. Bulletin No. 136 (Washington: Government Printing Office), p. 6.

¹⁴ Ibid.

The report recognized joint safety committees representing both company and union as a "generally existing pattern of participation in safety."

Joint Safety Committees.

The practice of workers participating on plant safety committees as union representatives is, with few exceptions, an innovation. There is no set procedure for selection of the committee members or their tenure; this varies from plant to plant.

Membership requirements are usually not too stringent. A one year minimum of plant employment is often prescribed. However, "...in occupations of high hazard, special knowledge and experience may be necessary. The United Mine Workers' Union requires safety committeemen to have had 15 years' employment and fixes an age requirement as well. Underlying these qualifications is the thought that an effective safety committeeman must be thoroughly familiar with his industry, the operations and processes, and their accompanying hazards."¹⁵

It is usually the policy of spreading the responsibility and experience of serving on these committees as much as possible. Tenure is, therefore, usually for 6 months or one year periods.

¹⁵ United States Department of Labor, Joint Safety Committees at Work. Bulletin No. 61 (Washington: Government Printing Office, 1944), p. 4.

"Some unions like the Machinists and the Mine Workers provide, usually, for equal representation with management. The union representatives are appointed or elected directly. Other unions like the United Automobile Workers and the Industrial Union of Marine and Shipbuilding Workers usually submit to management a given number of names of union members"¹⁶ --from which management makes a final selection. Representation may be one person for each department (along the lines of the United States Senate) or according to the number of workers in each department (similar to the House of Representatives).

The duties of a safety committeeman include regular inspection of his department, encouraging safe work practices, instilling the safety message (by personal contact and bulletin boards. Slogan contests and inter-departmental competition for safety prizes are other methods used to communicate the safety idea, and taking part in committee meetings (including checking on previous recommendations).

Noteworthy accomplishments¹⁷ of safety committees include those of the Baldwin Locomotive Works, Eddystone, Pennsylvania, committee which considers also problems of plant sanitation and health. Not only hygienic conditions but also nutrition problems connected with the plant

¹⁶ Ibid.

¹⁷ Ibid.

cafeteria and mobile canteens come up for scrutiny. The committee at the Ford Company of Chester, Pennsylvania, have succeeded in eliminating a traffic hazard right outside the plant gates. They arranged with the city for a system of traffic lights for the streets leading out of the plant to the main highway, thus expediting transit and lessening the occasion for risk-taking.

"So few work safety campaigns, in any but the smallest works, have been successful without the help of a joint safety committee that one may be regarded as absolutely essential. It performs the vital function of letting the workers know that they have a share in the works safety movement, thus gaining their cooperation."¹⁸

Union participation in safety programs for the benefit of their members is not limited to local unions but exists on an industry wide basis.

The United Mine Workers seek to focus the attention of its rank and file on the need for added safety in mining by publishing monthly box scores in its paper of fatalities compared with coal production figures. The September 15, 1948, issue appeared thus:¹⁹

¹⁸ Industrial Accident Prevention Bulletin, The British Ministry of Labour and National Service, quoted by United States Department of Labor, Joint Safety Committees, p. 16.

¹⁹ Quoted by Orme W. Phelps, op. cit., pp. 213-214.

Coal-Mine Fatalities in July, 1948

Coal mining accidents took a toll of 93 lives in July, 1948, the U. S. Bureau of Mines reports. Bituminous fatalities--80, anthracite fatalities--13. July was stained by two major disasters. Thirteen were killed by a gas explosion at the Kings mine in Princeton, Indiana. Eleven lost their lives in a gas explosion at the Edgewater mine near Birmingham, Alabama. Ranking causes of fatalities were: roof and face falls, 39 fatalities; explosions, 24; haulage, 11.

Month	Pennsylvania		Pennsylvania		Total Production (short tons)	Killed
	Bituminous Production (short tons)	Killed	Anthracite Production (short tons)	Killed		
January	55,780,000	92	4,921,000	19	60,701,000	111
February	49,711,000	93	4,675,000	12	54,386,000	105
March	33,844,000	29	4,928,000	12	38,772,000	41
April	34,600,000	45	4,438,000	9	39,038,000	54
May	55,965,000	78	4,867,000	8	60,832,000	86
June	53,208,000	67	4,590,000	9	57,798,000	76
July	<u>48,315,000</u>	<u>80</u>	<u>4,365,000</u>	<u>13</u>	<u>52,680,000</u>	<u>93</u>
Total	331,432,000	484	32,784,000	82	364,207,000	566

In the cement industry, union--or joint--safety committees exist in 4 out of every 5 cement mills. "Among 40 basic industries studied by the National Safety Council, the cement industry has, over a period of years, ranked as one of the 8 safest. In 1947, the injury frequency rate was 45 percent below the rate for all 40 industries surveyed by the Council."²⁰

²⁰ Anna Bercowitz, "Labor-Management Relations in the Cement Industry," Monthly Labor Review, January, 1951, p. 4.

Contract Provisions.

"Health and safety provisions in union agreements have several objectives, including: (1) to pledge the employer to maintain reasonable health and safety standards and to comply with government regulations on health and safety; (2) to stimulate observance, by the company, union, and by all employees, of health and safety rules; and (3) to provide for union participation and to enlist employee cooperation in safety and accident prevention."²¹

Contracts may contain two types of agreements: general clauses and specific provisions. Many contracts are drawn with no specific provisions at all included. This occurs in the less hazardous trades, and reference to safety is made in general language. Examples of these include:²²

Health and Sanitary Conditions to Comply with State and Federal Laws.

The health and sanitary conditions of this company shall meet the requirements prescribed under the Laws of Commonwealth of Pennsylvania and the Federal Laws of the United States.

Union to Encourage Cooperation in Safety Measures.

The union agrees that it will encourage its members to work safely and to cooperate to the fullest extent with

²¹ United States Department of Labor, Collective Bargaining Provisions: Safety, Health, and Sanitation. Bulletin No. 908-14 (Washington: Government Printing Office, 1949), hereafter referred to as Bulletin No. 908-14.

²² Ibid.

the company's safety engineers and safety inspectors in order to eliminate hazardous conditions within the plant.

Many agreements make detailed specifications as to safety rules, safety committees, company inspections, extra employee protection, unsafe working conditions, and public safety. An example of each follows:²³

Safety and Health Rules Discussed with Shop Committee.

Rules governing safety and health will be discussed with the shop committee before promulgation, except when such rules are required by law or governmental regulations or orders.

Union and Company Safety Committees to Meet Periodically to Review Accidents and to Consider Union Recommendations and Suggestions on Safety Rules.

It is agreed between the parties that their respective safety committees shall meet at reasonable intervals of time for purposes of reviewing case histories of actual lost time accidents involving members of the (union) and to consider recommendations and suggestions of the (union) regarding existing and proposed safety rules. Before new safety rules are adopted they shall be subject to full discussion with the safety committee of the (union).

Continuous Inspection by Company Representative; Special Inspection on Request of Union or Worker Using Equipment.

Inspection of all equipment throughout the plant or place of employment shall be continued by the superintendent or other persons designated by the company from time to time. An inspection of any equipment may be secured upon the recommendation of the workmen's committee or the workman employed on such equipment. The union workmen's committee may make written suggestions to the superintendent or his representatives as to the elimination of hazards in order to prevent accidents.

Specific Safety Equipment Furnished at Company's Expense.

The company at its own cost and expense shall furnish to all employees whenever necessary the following items: gloves, jumpers, acid-resistant aprons, overalls, respirators, salt tablets, soap, and towels.

No Employee Required to Drive Trucks not Equipped with Safety Appliances.

The employer shall not require members of the union to take out on the streets or highways any vehicle that is not in a safe operating condition or any vehicle that is not equipped with safety appliances prescribed by the law.

Employees Must Maintain Personal Cleanliness.

Sanitary toilets, wash stands and paper towels, also accommodations for hanging clothes, shall be provided by the employer. The employees shall keep themselves clean and in a sanitary condition at all times.

The rapid increase of labor union membership from 1935 to 1942 of 150 percent, plus the emphasis placed on full production and the reduction of needlessly lost man-hours during World War II, has focused attention on plant safety and safety programs. A spokesman for the National Association of Manufacturers maintains that, "There has been more cooperation (in this field) than in any other activity."²⁴

Health. The importance attached to maintaining an industrial health program cannot be properly estimated. Each year the nation loses 4,300,000 man years of work and \$27 billion in national wealth because of bad health.²⁵

²⁴Letter from Bernard C. Hartung, Assistant Manager, Pacific Central Region, National Association of Manufacturers, February 5, 1954.

²⁵Phelps, op. cit., p. 210.

A thorough health program should include²⁶ (1) the provision of plant medical facilities (physical examinations and first aid stations), (2) sanitation and sanitary provisions, (3) lighting, (4) heating and ventilating, and (5) safety provisions and programs. To this should be added provision for an educational program to further health and safety.

The following are provisions commonly found in collective bargaining agreements and indicate to what extent the above health program is being carried out:²⁷

Adequate First-Aid Equipment Accessible and Available at All Times.

Adequate first aid equipment shall be placed and maintained by the company in headquarters of each department and such equipment shall be made easily accessible and available at all times.

Pre-employment and Periodic Examinations by Company Doctor.

The company may require all applicants for employment to be examined by a physician employed by the company, shall have the right to require all employees to be examined and periodically reexamined at reasonable intervals by a physician employed by the company, all such physical examinations to be free at the expense of the company.

Employer to Maintain Sanitary Conditions.

The company will continue to maintain a clean, properly-lighted, heated, and ventilated factory with approved safety devices.

²⁶ Yoder, op. cit., p. 566.

²⁷ Bulletin No. 908-14 as cited above.

Specific Sanitary Facilities Provided and Maintained.

The company agrees to furnish good drinking water and sanitary fountains will be provided where necessary. The floors of the toilets and washrooms will be kept in good repair, in a clean, dry, and sanitary condition. The shops and washrooms will be lighted and heated in the best manner possible consistent with the source of heat and light available. Lockers will be provided for all employees.

Employees Required to Know or Learn First Aid.

An employee covered by this agreement is required to take first-aid training unless he possesses a knowledge of at least the fundamentals of first aid to the injured, i.e.,

Artificial respiration
Control of arterial bleeding
Treatment of shock

Note: This agreement covers copper mining operations.

Health and Welfare Plans.

The first lines of attack against disability of any kind have been prevention and insurance--prevention in the form of health and safety programs and insurance by individual initiative. "Still a third avenue of redress has recently become popular: the union-sponsored health and welfare fund,"²⁸

Employee benefit plans through collective bargaining is a relatively new but rapidly growing field. During World War II, the Government's policy of frozen wages permitted reasonable employee insurance and pension benefits. In

²⁸ Phelps, op. cit., p. 214.

1945, the National War Labor Board ordered certain benefit plans to be included within union contracts. This and favorable tax laws, permitting the deduction of contributions as operating expense, greatly speeded the growth of welfare plans; by 1948, three million workers were covered by such plans.

"Union-management negotiations over employee-benefit plans, as evidenced in collective bargaining agreements, tend to fall into three basic categories:

1. Plans created by collective bargaining.
2. Employer-sponsored plans continued or brought within the agreement.
3. Employer-sponsored plans remaining outside the scope of collective bargaining."²⁹

The plans established through collective bargaining fall into one of three types for administrative purposes:³⁰

(1) those administered by the union solely, (2) plans administered jointly, and (3) programs administered by a private insurance company wherein the employer pays the premium directly or into a special premium fund.

"The most famous such plan, of course, is that of the United Mine Workers of America, which by 1948 was financed

²⁹United States Department of Labor, Collective Bargaining Provisions: Health, Insurance, and Pensions. Bulletin No. 908-17 (Washington: Government Printing Office), pp. 4-5.

³⁰United States Department of Labor, "Union Health and Welfare Plans," Monthly Labor Review, February, 1947.

by a royalty payment of 20 cents on each ton of coal produced."³¹ About 450,000 miners (375,000 bituminous and 75,000 anthracite) in 3,000 mines in 23 states come under the program. The provisions call for a flat rate of \$100 a month to all miners retired since May 29, 1946, who were 62 years of age or over and had a record of 20 years of service in the industry.

The question that must be asked with regard to health and welfare plans is, do these programs come within the scope of non-pecuniary contributions of labor unions to their members? Benefits which fall into the non-pecuniary category must cost management little or nothing--and not because the cost can be passed on to the consumers. "It should be understood that any charges assumed by the employer go into the cost sheet, which in turn is imposed on the customer in the selling price of goods and services. No one questions the desirability of hospitalization and of prepaid medical care. The only point at issue is who should bear the expense."³²

Financing of the plans are either: (1) entirely by contributions by the employer, (2) by joint employer and employee contributions, (3) by a combination arrangement, whereby the employer pays the full cost of certain benefits

³¹Phelps, op. cit., p. 215.

³²M. S. Rukeyser, "Fringe Benefit Idea for Union Contracts," San Francisco Examiner, October 14, 1953.

and the workers share in the cost of others, and (4) entirely by contributions of the employees.

There is no way in which plans 1, 2, and 3 can be construed as non-pecuniary, however beneficial and humanitarian they may be. Plan 4 is certainly a non-monetary contribution by unions to their members, especially if the union is instrumental in securing the most advantageous insurance and channels dividend payments and rate rebates into reduced premiums.

✓ Unfortunately, "most plans are financed entirely by the employer..."³³ and, therefore, cannot be considered under non-pecuniary benefits. "The reason why such hidden additions to labor cost have so much allure is not difficult to find. For the worker, the hospitalization benefit does not take the form of a money payment subject to reduction by the personal income tax. But this is really a loophole since such benefits do constitute income in all except a technical legalistic sense.

For their part, employers are attracted to such gimmicks in contrast with straight pay because the fringe benefits, whatever they may cost an hour, are not subject to penalty premiums for overtime, week-end and holiday employment."³⁴

³³Phelps, op. cit., p. 216.

³⁴Kukeyser, op. cit.

Health and welfare plans came into wider acceptance due to war-time conditions. The situation today is now vastly altered due to the ending of Wage Stabilization, an increased labor force, and tax changes; however, employee benefit plans are here to stay. There may yet be hope that health and welfare plans can eventually be viewed as a union benefit at least partially non-cost to the employer.

"Post-war conditions may put a new emphasis, not so much on welfare funds, but on their financing..."³⁵ and the relative proportions in employer-employee contributions to these funds.

III. SENIORITY

"Seniority may be defined as the practice of basing employment privileges upon length of service."³⁶ The term "employment privileges" is an all-incompassing one and should be divided into three areas in order to determine the degree that any particular seniority exists: (1) categories where seniority applies, such as promotions, transfers to more desirable duties, choice of shifts, choice of vacation time, selection for overtime work, lay-off, and rehire; (2) the extent which factors other than length of service are to be considered; and (3) definition

³⁵ United States Department of Labor, "Union Health and Welfare Plans," Monthly Labor Review, February, 1947.

³⁶ Jucius, op. cit., p. 237.

of the limits of seniority rights and method of their accumulation.

To determine the prevalence of seniority benefits currently effective in industry, the Bureau of Labor Statistics analyzed 330 current collective-bargaining agreements selected at random and covering over 4 million workers. The results of this survey are as follows:

TABLE II

CONSIDERATION OF SENIORITY IN DETERMINING ORDER OF LAY-OFFS³⁷

Degree of Consideration	Agreements		Workers Covered	
	Number	Per-cent	Number	Per-cent
Total	330	100	4,179,000	100
Seniority governs	119	36	1,095,000	26
Seniority governs, provided senior employees competent to do available work	83	25	759,000	18
Seniority given equal consideration with ability	2	1	7,000	
Seniority secondary, i.e., governs only if ability equal	38	12	500,000	12
Weight given seniority not clear	11	3	343,000	8
No reference to seniority	77	23	1,475,000	36

³⁷ James Nix, "Collectively Bargained Length-of-Service Benefits," Monthly Labor Review, August, 1951.

TABLE III

CONSIDERATION OF SENIORITY IN SELECTING EMPLOYEES FOR PROMOTION³⁸

Degree of Consideration	Agreements		Workers Covered	
	Num- ber	Per- cent	Number	Per- cent
Total	330	100	4,179,000	100
Seniority governs	9	3	48,000	1
Seniority governs provided senior employees competent to do work	91	28	717,000	17
Seniority given equal con- sideration with ability . . .	5	1	26,000	1
Seniority secondary, i.e., governs only if ability equal	77	23	1,368,000	33
Weight given seniority not clear	12	4	86,000	2
No reference to seniority . . .	136	41	1,934,000	46

When considering the various categories where seniority applies, it is necessary to keep in mind also the limiting factors involved.

There is no rule-of-thumb for the accumulation of seniority. The length of service may be calculated from the time the employee first comes to work or there may be a probationary period. Absence for extended periods may or may

³⁸Ibid.

not cause loss of seniority already earned. Again, certain interruptions in service are not deducted at all, such as short-term personal absences, layoffs, and sick leaves.

The calculation of seniority may be either on a plant, departmental or occupational basis. Figured on a department-wide basis, it is quite possible for employee A to have spent 10 years at a given plant and have less seniority than employee B with 5 years service. Transfers may, thus, result in complete loss of seniority, partial loss or no loss. Again, plant-wide seniority is sometimes coupled with a demonstration of ability to perform.

Promotion to the supervisory level and subsequent demotion may or may not result in complete loss of seniority.

There are certain instances where the question of seniority is treated in a special manner. Certain highly skilled employees who are hard to replace may be exempt from seniority lists. Union-shop stewards or members of the grievance committee may be given greater seniority rights than other members of their departments. Veterans of World War II, not employed by a firm before the war, may be given seniority for the periods of their military service.

An important limiting factor of any seniority plan is the relative value placed upon merit. "Usually in smaller companies the merit factor will weigh more heavily; but in the larger companies, particularly where unions have a

strong voice, seniority is given greater weight."³⁹ Unions have sought to minimize favoritism and discrimination on the part of management by reducing its arbitrary power of selection. Merit is sometimes construed to mean ability to satisfactorily perform the job. Where it is feasible, a try-out or probationary period is provided. Again, on-the-job training is sometimes given to bring performance up to an acceptable standard. In some cases, training for another job is made available beforehand to those interested, and ability to perform is fairly well ascertained. "...labor's argument runs, a man should be eligible for promotion not only if he is already qualified but if he can qualify within a reasonable period of time."⁴⁰

Promotion. Almost 60 percent of the agreements studied by the Bureau of Labor Statistics required some consideration of seniority in promotions.

"Negotiations between labor and management on a promotion program generally center on the following questions: (1) shall the employer have the right to promote solely as he sees fit, and, collaterally, must he promote from within or may he hire from the outside; (2) if not, what

³⁹Jucius, op. cit., p. 239.

⁴⁰United States Department of Labor, Collective Bargaining Provisions: Promotion, Transfer, and Assignment; Layoff, Work-Sharing, and Reemployment. Bulletin No. 908-7. (Washington: Government Printing Office, 1948), hereafter referred to as Bulletin No. 908-7, p. 3.

qualifications or factors shall govern the selection of an employee for promotion; and, on the basis of such standards, who shall finally determine the best qualified employee."⁴¹

In actual agreements, as Tables II and III indicate, most employers' rights to promote are qualified in some degree by the seniority factor. Below are some common promotion provisions in collective bargaining contracts:⁴²

Promotions from within:

General Company Policy to Promote from Ranks.

It shall be the policy of the company to make all promotions from the ranks of the employees, and only when impractical will it be the disposition of the company to vary from this policy. Employees promoted from the ranks to the position of foreman shall retain their seniority rights as workmen in the department from which promoted.

Seniority governs if employee qualified:

Promotion to Senior Qualified Employee. Senior Employee Given Chance to Qualify.

In case of vacancy and promotions, it is understood that the oldest employee qualifying for the job will be given an opportunity to fill such vacancy. Qualification means that opportunity be given the older employee to qualify and in case such an employee does not qualify for the job, he shall have the privilege of returning to his previous position at the same rate of pay.

Seniority equal to other factors:

Consideration to Department Seniority and Average Ability.

In all cases of promotion, the following factors shall be considered:

1. Length of service.
2. Ability to perform the work.

⁴¹ Ibid., p. 2.

⁴² Ibid.

In determining factor 2, an employee with longer continuous service shall not be compelled to show that he has the highest rating in this factor; it will be sufficient for him to show that he has average rating.

For the purpose of promotion, length of service (factor 1), shall be construed to mean continuous service in the department concerned rather than in the plant.

However, in departments where there is a definitely established line of promotion from operation to operation, continuous service shall be construed to mean continuous service in the line of promotion.

Seniority subordinate to other factors:

Seniority Governs Where Ability and Physical Fitness are Relatively Equal.

In recognition, however, of the responsibility of management for the efficient operation of the plants, it is understood and agreed that in all cases of:

Promotion (except promotions to positions excluded from the bargaining unit set forth in this agreement) the following factors as listed below shall be considered; however, only where factors (a) and (b) are relatively equal, shall length of continuous service be the determining factor:

- (a) ability to perform the work;
- (b) physical fitness;
- (c) continuous service.

Recourse to grievance procedure in promotion:

Employer's Determination of Relative Ability for Promotion

Subject to Grievance Procedure.

In advancement and preferential placement of employees seniority shall govern where ability is relatively equal. The employer shall determine relative ability of the employees subject to grievance procedure. If the employee fails to fulfill the requirements of the job within a 30-day trial period, the employee will be returned to his former position without the loss of seniority.

Trial period after promotion:

Six-Day Trial Period.

When a vacancy occurs the employee having the highest plant seniority will be given first consideration for transfer to the higher paid job, taking into consideration the employee's experience and ability. In case of such transfers there will be a 6-day trial period during which the employee must demonstrate his ability to perform the work properly and shall receive top rate.

The following case study⁴³ is included because it demonstrates quite clearly that vexing problems still arise in industrial relations, even where seniority provisions, like the ones just mentioned, are included in the bargaining contract. It shows the service which a union may render in interpreting seniority provisions once written into the collective agreement.

The Wester Corporation⁴⁴ purchased two fork-lift trucks to facilitate warehouse handling of materials. When the new trucks arrived, the warehouse foreman assigned two of his men, John Fortineau and Earl Chadwick, temporarily to demonstrate to the consulting engineer the trucks in operation.

The engineer was so favorably impressed with Fortineau's ability that he requested that the job of head-life truck operator be created and given to Fortineau. This job called for supervising the proper use and maintenance of the two trucks and carried with it a 5 cent an hour pay raise.

⁴³ Pigors and Myers, op. cit., pp. 415-425.

⁴⁴ Fictitious names have been substituted in this case, but all other elements are factual.

The local of the union objected to Fortineau's appointment on the grounds: (1) that he ranked third on the department's seniority list, and (2) no one else was given the opportunity to try out for the new job as head lift-truck operator.

The company had an agreement with the C. I. O. union that provided that promotion to a higher paid job in the same department, which have a functional relationship shall be on the basis of seniority, provided the employee is qualified and competent to fill the position. Competency was to be considered a large factor but the union had the right to question the reasons for disregarding seniority, and the matter was arbitrable.

The seniority list in accordance with the bargaining contract was:

Edward Paradise	Dec. 7, 1940
William Cassidy	Aug. 15, 1944
Andrew Conte	Feb. 8, 1941
John Fortineau	Mar. 12, 1942
Louis Watkins	Apr. 4, 1944
Thomas Cote	Mar. 26, 1945
Leo Lamb	June 25, 1944
Arthur Dumont	Nov. 9, 1944
Albert Teriault	Sept. 7, 1943
Kenneth Altman	Oct. 27, 1944
Earl Chadwick	Jan. 10, 1945

Management's position was that Fortineau was "head and shoulders" above everyone else in ability and that the job had been created only because he displayed such competency. In addition, the union agreement made competency a large factor in promotions.

When agreement could not be reached, the case was scheduled for arbitration along with four others. Prior to the hearings, the president of the company and regional director of the union met in an attempt to settle the cases. At this meeting, it was agreed that Edward Paradise be given a reasonable trial in the position of head truck operator and that John Fortineau be named assistant to a supervisor at his present rate. This was permissible under the bargaining contract since such assistant positions were outside the scope of seniority regulations.

Paradise performed the head operator job to the satisfaction of the warehouse foreman, and Fortineau, whose job was created to save embarrassment, was of real value to the company in his new position.

An important fact to be noted in this case is vagueness of the relative value of competency to seniority in the application of the contract provision. Here is a case where the bargaining power and tenacity of the union secured consideration of seniority. This is the rule, not the exception, in industry today, and it must, of necessity, be so. No contract provision can possibly cover every promotional situation.

Transfer. The need for transfer may arise for anyone of several reasons. It is important to define these reasons as seniority may be affected in vastly different degrees, depending on the types of transfer involved. Management may

initiate a transfer for reasons of plant efficiency either on a temporary basis or permanently. Employees may request transfer because of shift preferences, better advancement opportunities or a clash of personalities.

While seniority is usually not affected by temporary transfers, those of a permanent nature are handled in one of the following ways:⁴⁵

1. A transferred employee takes his seniority with him into the new department, but he forfeits his rights in his old department.
2. He retains seniority indefinitely in his former department while building up seniority in the new unit from the date of transfer.
3. He loses previous department seniority; neither does he take his seniority into the new unit.

Transfers made by the company usually provide for more protection than those requested by employees. They generally permit the bringing along of accumulated seniority into the new department.

In the previously mentioned study of the Bureau of Labor Statistics, about one-fifth of the workers were covered by contracts which called for transfers from one job to another on the basis of seniority. Other less frequently found provisions require transfers initiated by the company first be discussed with the union; or that transfers be allowed solely at management's discretion only under certain specified circumstances. Some agreements limit the number

⁴⁵ United States Department of Labor, Collective Bargaining Provisions: Seniority. Bulletin No. 908-11. (Washington: Government Printing Office, 1949), hereafter referred to as Bulletin No. 908-11, p. 32.

of times management may transfer an employee during a given period, and some provide a grievance procedure on transfers.

Most contracts, however, vest with management the prerogative of making transfers in the best interest of maximizing the efficiency of the production process. The following are provisions commonly found in collective bargaining contracts:⁴⁶

Company right to transfer:

Company Right to Transfer Except Where Seniority Jeopardized.

It is agreed that the company will not enforce transfers that jeopardize the employee's seniority, but that otherwise transfers may be made by the company.

Seniority in transfer:

Notice Posted for Transfers Within Same Wage Spread.

Seniority Determines Transfer Among Applicants.

To promote the orderly transfer of employees to other jobs within the same wage spread, the company shall post notice in the plant requesting employees who wish to transfer from their jobs to other jobs which may become available with the same wage spread. Employees desiring such transfers shall fill out a form provided for this purpose by the company; thereby creating a pool of available people who wish to transfer. Transfers shall be made on the basis of seniority.

Unions consulted on transfer:

Limitations on Permanent Transfers Specified.

It is understood and agreed that the employer has the right to transfer or promote employees to any position, occupation, shift or place where their services are needed according to its own judgment. However, the employer agrees to make no permanent transfer or

promotion without having first discussed the matter with the union. It is further agreed that no employee shall be forced to make a permanent transfer where an employee with less seniority remains in the seniority group. No employee shall be compelled to accept a lower paying job. No employee shall be compelled to accept a transfer outside the bargaining unit.

Inter-unit transfers: ⁴⁷

Seniority Lost After 90 Days' Residence in New Department.

An employee who transfers to another department, forfeits his seniority in the department from which he was transferred after ninety (90) days' service in the other department.

Total Plant Seniority Transferred After Specified Period.

When an employee is transferred from one department to another, such employee shall retain his seniority rights in the department transferred from for a period of 6 months, after which, his total factory service and seniority shall apply in the department to which he has been transferred.

Original Department Seniority Retained on Transfer; New

Department Seniority Accrues from Date of Transfer.

Any employee transferring from one department or main classification to another retains his full continuity of service, his full plant seniority and his full department seniority in the department or main classification from which he came, but establishes his seniority in the new department or classification as of the day he commences work in the new department or classification. Temporary transfers to another department or classification shall not give the employee seniority in that department or classification.

Layoff and Rehire. Traditionally, the price the American people have had to pay for the dynamic aspect of their economy has been unemployment. The value of collective bargaining

provisions during periods of unemployment is dependent upon the type of unemployment; technological change and prolonged depression have no solution contractually. "When the layoff is of a temporary nature, however, union agreements which specify the order of layoff and reemployment rights are clearly in the nature of safeguards to individual workers."⁴⁸

Over three-fourths of the agreements studied by the Bureau of Labor Statistics in their 1951 survey required varying degrees of consideration be given to seniority in establishing the order of layoff. (See Table 3). "The increasing importance accorded the seniority factor is a tribute to the effectiveness of the union, for it has often been opposed by management on this issue."⁴⁹

The days of a notice in the Saturday pay envelopes stating that "effective Monday, your services will no longer be required," are drawing to a close. A number of companies have a step-by-step program, formulated with the help of the union, for a reduction in force. The first to be laid-off would be temporary help, then probationary workers, followed by a sharing of work down to some minimum number of hours, and finally, layoff of employees.

It works to the benefit of both labor and management to have some provision for rehiring and retention of

⁴⁸

Bulletin No. 908-7.

⁴⁹

Neil W. Chamberlain, Collective Bargaining (New York: McGraw-Hill Book Company, Inc., 1951), p. 323.

seniority. The company has a more ready supply of experienced labor when a business upswing occurs, and the workers are inclined even to quit a new job to return to their former employer if their seniority remains intact.

In general, the following provisions are most often found in bargaining agreements:⁵⁰

Union Consultation.

Prior to any layoffs, the company agrees to discuss matters with the union.

Notice as Far in Advance as Possible.

Notice of a layoff will be given employees as far ahead as possible.

Layoffs on Basis of Plant-Wide Seniority and Ability to do Job.

In cases of layoffs or rehiring, due to decrease or increase of the working force, the principle of straight plant seniority shall be observed, provided the senior man has the necessary experience and ability to perform the available work.

Casual, Seasonal, and Temporary Employees Laid Off Before Regular Employees.

All casual, seasonal, or temporary employees at identical tasks in the same department, unit, office or subdivision, shall be laid off before any regular employee is laid off.

"Bumping" on Basis of Plant Seniority.

The employer agrees that employees whose jobs are abolished, or closed down temporarily, due to slack in operation or other considerations, may exercise their plant seniority to displace employees with less plant seniority in jobs which they are qualified to perform.

⁵⁰ Bulletin No. 908-7.

Work Shared as Equally as Possible.

In the event the employers should not have enough work to keep all their employees working full time, then such work as may be available shall be equally divided among the employees, as far as is practicable.

Employees Last Laid Off Are First Rehired.

In rehiring employees previously laid off for identical tasks in the same department, unit, office, or subdivision, regular employees shall be rehired in the inverse order of layoff; that is to say, employees last laid off shall be first rehired.

Value of Seniority.

It has been established that most labor unions are vitally interested in the setting-up and defense of seniority in some form. Another question which should be considered is, does seniority contribute to the welfare of this country as a whole? If it were itself a net evil, it would be a sorry alternative to socially unfortunate pecuniary demands.

On the liability side, it must be conceded that seniority stifles incentive to some extent, and by over-valuing experience, it encourages a lower standard of workmanship. It places great responsibility on those who originally hire employees and may lead to over-selectiveness. Seniority may weaken the esprit-de-corps of any company by alienating the older workers with long service records and younger men with short tenure. Lastly, seniority tends to reduce mobility--a necessary ingredient for the efficient functioning of an economy such as ours.

The seniority method for determining employment reduces discrimination, favoritism and nepotism on the part of

management; moreover, its operation is simple and readily understood. Most important, it gives every worker a measure of job security proportional to his length of service. Man is ever seeking some sort of security, and while "...seniority does not by itself create or preserve jobs it has become synonymous with the job itself in workers' minds--job equity or tenure rights protecting them against layoff or discharge."⁵¹ Finally, the seniority system helps reduce labor turnover, thereby adding a measure of stability to the economy. In the final analysis, "...seniority may be expected to retain, if not to gain, a higher place as a tool for measuring employment preferences."⁵² A number of these advantages are also advantages to the employer, thus helping to make this service to members non-cost (net) to the employer.

IV. LEAVE OF ABSENCE

It is particularly important to a worker not to have his seniority and re-employment protection jeopardized should he be forced to leave his job temporarily due to illness or personal reasons. "Leave of absence is generally permitted under provisions in union agreements, at

⁵¹Clague, op. cit.

⁵²Jucius, op. cit., p. 240.

the same time preserving such rights and benefits which flow from continuous service with an employer..."⁵³

There is a considerable range of variation among provisions. Some require only "good" cause for a leave of absence; others list in detail the only acceptable reasons. Again, some grant leaves for a "reasonable" period while others provide specific time limits.

Another type of leave frequently provided is for reason of maternity. It may be included under the "good" cause provision unless there is an established time limit which would be too brief.

The following clauses pertaining to leaves of absence are typical of those appearing in collective bargaining agreements:⁵⁴

Leave for "Good" Cause.

Employees, upon request, shall be granted leave of absence for good cause, with the written consent of the company, without prejudice to their seniority or other rights.

Maximum Sick Leave 3 Years; Seniority Cumulative up to 1 Year.

Any employee off due to his sickness, shall accrue seniority up to 1 year upon presentation of a certificate by an reputable physician. After an employee is off, due to his sickness for a period of 3 years, he loses all seniority.

⁵³ United States Department of Labor, Collective Bargaining Provisions: Leave of Absence; Military Services Leave. Bulletin No. 908-6 (Washington: Government Printing Office, 1948), hereafter referred to as Bulletin No. 908-6, p. 1.

⁵⁴ Bulletin No. 908-6.

Maternity Leave for "Reasonable" Time.

Leave of absence will be granted to female employees for a reasonable length of time to permit adequate confinement and recovery after the birth of the child.

Pregnant Employees May Continue Working Only With Written Consent of Doctor. Light Work Furnished, if Possible.

Female employees shall be entitled to 1 year's maternity leave of absence without pay, without loss of seniority. In cases of pregnancy, the employee will only be allowed to continue at her work subject to a written approval of her physician, and all such employees shall notify the personnel director 3 months after conception. The company will do its utmost to place such employees on light work.

V. DISCIPLINE AND DISCHARGE

There is a growing tendency in industry as a whole to rely more upon disciplinary measures short of discharge.

"This change is partly a result of the growth of unions, which have provided a means of challenging the former absolute right of the foreman to dismiss an employee;"⁵⁵ unjust and discriminatory dismissal has been minimized by union action. Moreover, the increased use of discipline short of discharge indicates a progressive policy designed to attack the cause of a breach, and effect a remedy rather than meting out punishment. Discharge in certain respects is an economic and social cost to both labor and management. The dismissed employee loses his source of income, accumulated

⁵⁵Pigors and Myers, op. cit., p. 241.

seniority, and may well have difficulty finding other employment. His self-esteem and family relations may be affected. It costs management time and money to train a new employee. There is also the danger of reduced morale of other workers which a discharge may precipitate.

Discipline, short of discharge, may result in an oral or written reprimand, suspension or demotion. The following are typical provisions found in collective bargaining agreements:⁵⁶

Discipline by Union for Specified Violations or on Company Request.

Any members of the union, who, individually or collectively, violate the provisions of this agreement, or refuse to follow the grievance procedure provided in article V of this agreement, or refuse to abide by decisions made under this procedure, or who violate the provisions of the union's constitution and bylaws, shall be subject to discipline by the union and a dismissal or suspension from union membership, in accordance with the provisions of its constitution and bylaws. The union agrees to promptly discipline any of its members violating provisions of this agreement. The employer may at any time recommend to the union the disciplining of a member of the union violating the provisions of this agreement, and the union shall review the case before the disciplinary committee of the union as soon as possible and in no event longer than fifteen (15) days following the recommendations of the employer. The employer shall be furnished a full report of the union's determination in the matter.

Severity of Discipline Determined by Gravity of Offense.

Disciplinary action shall range from oral or written first warning notice to immediate discharge, depending on the severity of the violation.

⁵⁶ United States Department of Labor, Collective Bargaining Provisions: Discharge, Discipline, and Quits; Dismissal Pay Provisions. Bulletin No. 908-5 (Washington: Government Printing Office, 1948).

Discipline Must Be Imposed Within 5 Days After Company Learns of Violation.

The company agrees that when employees are to be disciplined for violation of the company rules, such disciplinary action shall be taken within 5 days from the time such violation of rules are brought to the company's attention.

Suspension Pending Investigation or Trial.

A worker charged with serious misconduct may be suspended by his employer pending investigation or trial.

Discharge while costly to all concerned is sometimes necessary to maintain an effective disciplinary program. The provisions generally found in collective bargaining agreements are:⁵⁷

Causes for Discharge not Limited to Causes Listed.

The company may discharge an employee for just cause including, but not being limited to, the following:

Willful disregard of or refusal to comply with general rules, dishonesty, incompetence, inefficiency, insubordination, intoxication, pilferage, doing work in a negligent manner, spoiling work, damaging machinery or equipment, misstatement on application, engaging in a strike or work stoppage, sabotage, picketing, refusal to perform work assigned, or failure to abide by the terms of this agreement.

Three Reprimands Within Year's Period Subjects Employee to Discharge.

Three written reprimands within one 12-month period shall be considered just cause for dismissal.

⁵⁷Ibid.

Reasons for Discharge Given Without Request.

The company shall give prompt written notice to discharged employees without demand therefor, setting forth the reasons for such discharge.

Union Right to Challenge Any Discharge.

Employees who have completed their trial periods shall be discharged for just cause only. The union shall have the right to challenge the propriety of any discharge and may present the matter as a grievance to be settled under the grievance and arbitration procedure in this agreement.

Reinstatement With Pay for All Time Lost.

Any employee found to have been improperly discharged shall be immediately reinstated without loss of seniority, and compensated for all the time thus lost.

VI. GRIEVANCE PROCEDURE

The securing and helping in the operation of grievance settlement machinery is probably one of the foremost services of unions to their members which is, on balance, without cost to employer.

It would be a physical impossibility for labor and management, no matter how enlightened and cooperative, to write a collective bargaining contract which would exclude the arising of problems of interpretation and application. Therefore, the interests of both parties are furthered by the inclusion of a specific plan for handling grievances. Management is guaranteed uninterrupted production while grievances are in the process of settlement. Labor receives prompt and due consideration on any complaint. "Probably no phase of employee relations has been more neglected, under

individual bargaining, than the grievances of workers. Certainly no privilege is more highly prized by union men than the right to full consideration of their grievances, with successive appeals to higher and higher ranks of authority in the company and a final decision by an impartial arbitrator selected by the two parties."⁵⁸

This undoubtedly accounts for its prevalence in bargaining agreements. Of 2,850 labor-management contracts analyzed by the Bureau of Labor Statistics in 1951, 94 percent outlined procedures for handling employee grievances; most of the other 6 percent made reference to a grievance procedure but did not otherwise describe it.⁵⁹

The grievance procedure generally follows a set pattern of appeal steps; at each succeeding step a higher level of union and management authority participates. The number of steps are variable and do not necessarily indicate the size of the company. Three and four step plans are the most numerous. A Bureau of Labor Statistics survey found that, on the average, three and four step programs occurred 53% of the time and pertained to approximately 60% of the

⁵⁸ Phelps, op. cit., p. 456.

⁵⁹ James Nix, Rose Theodore, and Dena Wolk, "Grievance Procedures in Union Agreements, 1950-51," Monthly Labor Review, July, 1951.

total workers covered.⁶⁰ A detailed six step procedure would involve:⁶¹

1. Consideration of the grievance by the foreman and the shop steward with the initiating worker.
2. Consideration of the grievance by general foreman or superintendent and the shop steward and employee.
3. Consideration of the grievance by the personnel manager and the union grievance committee.
4. Consideration of the grievance by the works manager and the union grievance committee.
5. Consideration of the grievance by a national or international representative of the union and a representative of the central industrial relations staff of the company.
6. Arbitration or conciliation.

Step One.

One of the most controversial issues involved in the entire grievance process occurs at its very inception. The union contends that all grievances should be handled through the department steward. They take the position that this method trains the steward so he is able to give better service and also reduces the possibility of personal favoritism. An attempted settlement by employee and foreman alone is regarded by the union as a throwback to individual bargaining. Management believes a worker has a right to go to the foreman with his complaint, that most of these complaints are minor

⁶⁰ Ibid.

⁶¹ Russell L. Greenman and Elizabeth B. Greenman, Getting Along With Unions (New York: Harper and Brothers, 1947), p. 29.

and can be settled amicably on the first level, and to do so without a drawn-out process aids understanding and morale while keeping costs down. "What is really at stake is the loyalty of the individual worker who is at one and the same time an employee of the company and a member of the union."⁶²

The most common procedure is to give the worker his choice in the initial presentation of the grievance. In a Bureau of Labor Statistics survey the employees option occurred in 29 percent of the agreements studied and applied to 39 percent of the workers covered (Table IV).

If the grievance is not settled to the satisfaction of the aggrieved employee or his steward at step one, the complaint is usually required to be reduced to writing. This tends to limit the number of petty grievances and avoid misinterpretations later on.

Another element which enters into consideration at the first level is that of time limits. In a Bureau of Labor Statistics survey 21 percent of contracts placed a time limit on the initiation of a grievance and 56 percent limited the processing time after presentation.⁶³

Step Two.

If there is no settlement at the first level, the general foreman reviews the grievance. Usually complaints

⁶²Phelps, op. cit., p. 458.

⁶³Nix, Theodore, and Wolk, op. cit.

TABLE IV
DISTRIBUTION OF PROVISIONS FOR INITIAL PRESENTATION
OF GRIEVANCES⁶⁴

Party Presenting Grievances	Agreements		Employees Covered	
	Number	Percent	Number	Percent
Total	302	100	3,408,000	100
Employee alone	35	12	711,000	21
Steward alone	75	25	706,000	21
Employee or steward	87	29	1,315,000	39
Employee and steward	38	12	120,000	3
No provision or clause not specific	67	22	556,000	16

not resolved at step one are also not settled at step two, because the people involved remain virtually the same. For this reason, this step is often omitted from the procedure. Steps Three and Four.

The method by which management delegates authority determines whether one or two levels exist at this stage of negotiations. If part of the personnel manager's job to attempt to reconcile grievances unsettled at the foreman level, then both steps are necessary.

⁶⁴ James Nix, Rose Theodore, and Dena Wolk, "Grievance Procedures in Union Agreements, 1950-51," Monthly Labor Review, July, 1951.

Step Five.

If the plant manager and the grievance committee cannot come to an agreement, the unadjusted grievance is referred to the Regional Director of the International Union. If he decides an appeal is in order, representatives of the international meet with the higher echelons of management in an attempt to effect a settlement.

Step Six.

It is essential to peaceful industrial relations that grievances be finally resolved. If this proves impossible between the two interested parties, then an impartial third person (or persons) must be called upon to render a decision. It is true that the percentage of cases going to mediation is quite small. A General Motors survey "covering 69 of the 105 plants of the corporation for a 15 month period...revealed that 40,508 grievances were presented for processing through the established procedure. Approximately 18,500 (or 45.5 percent) were settled at the foreman level, 18,800 (or 46.5 percent) at the management-shop committee stage, 2,900 (or 7 percent) by the appeal board, and 316 (less than eight-tenths of 1 percent) by an umpire."⁶⁵

The high and growing percentage of contracts making provision for arbitration best indicates the value placed

⁶⁵G. Allan Dash, Jr., "Bargaining Through the Grievance Procedure," from The Collective Bargaining Agreement in Action, American Management Association Personnel Series No. 82 (1944), p. 4, quoted by Chamberlain, op. cit., p. 113.

upon it. Bureau of Labor Statistics surveys found arbitration provisions occurred in 73 percent of the agreements studied in 1944 and increased to 83 percent in 1949. By 1952, 89 percent of the contracts analyzed contained arbitration provisions. The 1952 survey, covering 1,442 agreements and 5,581,500 workers, also revealed arbitration procedure applied to 91 percent, or 5,066,000 of the workers.⁶⁶

The arbitration clause designates the method to be used in selection of the arbitrator and his length of service. Provision may be made for a single umpire or a tripartite board composed of a representative of union and of management with an impartial member acting as chairman. Each arbitration agreement specifies the details of machinery.

A possible alternative to arbitration is conciliation. This procedure differs from arbitration in that the decisions of the conciliation board, composed of one representative of labor and one from management with an impartial chairman, are not binding and cannot be enforced save by "economic-strength". Conciliation differs also in that it is designed to effect a mutually satisfactory settlement, while arbitration is limited to an interpretation of the contract. Since most unions favor arbitration as the terminal point in the grievance procedure, review by a conciliation board is provided just prior to arbitration in some contracts.

⁶⁶ Ernestine M. Moore and James Nix, "Arbitration Provisions in Collective Agreements, 1952," Monthly Labor Review, March, 1953.

The grievance procedure, with its systems of adjustment, under collective agreements available to every union member without cost, "...constitutes one of the most satisfying aspects of industrial relations in this country."⁶⁷

"It is a far cry from the tentative requests for hearings and the passive acceptance of one-way decisions which characterized the pre-union shop. It...unquestionably adds to the dignity of the rank-and-file employee. The testimony of union men is emphatic on its importance: the grievance procedure is at the top of the list of cherished prerogatives under collective bargaining."⁶⁸

⁶⁷Chamberlain, op. cit., p. 118.

⁶⁸Phelps, op. cit., p. 460.

CHAPTER IV

UNION-MANAGEMENT COOPERATION

"Business management must develop within its own organization structure a system of stimulation and control which will be as effective in releasing and directing the productive energies of individuals and groups as the 'hidden hand' of prices, costs, and profits has been in releasing and directing the efforts of corporate enterprises."¹

One of the most difficult problems management is called upon to solve is that of the human being. The question arises of how to buy a man's labor without taking over the man, too. According to Elton Mayo, "While material efficiency has been increasing for two hundred years, the human capacity for working together has in the same period continually diminished."

Thoreau said: "Gnaw at your own bone, bury it, unearth it, and gnaw it still." Industry's "bone" is the problem of reconciling labor and management to the fact that their interests are mutual in the long run, and when one side is served the other also gains. When unions through

¹ James C. Worthy, "Democratic Principles in Business Management," Advanced Management, March, 1949, quoted by Davenport, "The Greatest Opportunity on Earth," p. 202.

union-management cooperation seek to accomplish this, they make a lasting and vital contribution to their members which involves no net cost to employers. In fact they serve both their members and the employer.

Selekman has identified eight different patterns of labor-management relations: (1) containment-aggression, (2) ideology, (3) conflict, (4) power-bargaining, (5) deal-bargaining, (6) collusion, (7) accommodation, and (8) cooperation.²

Union-management cooperation is the form of industrial relations in which plant efficiency is increased and production maximized by joint effort. It is not a speed-up campaign but a policy of innovation and incentives with both financial and social aspects.

The case-study method seems best to illustrate what can be accomplished by cooperation, while at the same time serving to point out necessary conditions.

Four different types of machinery for conducting this policy will be considered: *The following machinery for*

- ① Shop and screening committees with an established plan for distributing the fruits of cooperation.

(Lapointe Machine Tool Company and the Adamson Company)

² Benjamin M. Selekman, "Varieties of Labor Relations," Harvard Business Review, Vol. 27, No. 2 (March, 1949), pp. 175-199.

2. Union officers who give engineering service to management (Amalgamated Clothing Workers).
3. Unions that give assistance with sales problems rather than those of production (Glass Bottle Blowers).
4. Independent experts working with advisers from union and management (Naumkeag Steam Cotton Company).

With regard to this ~~first~~ method listed, it is necessary to consider also the program for dispensing productivity increments gained by cooperation; in this case, the Scanlon Plan.

I. THE SCANLON PLAN

The present, increasing interest in union-management cooperation on production problem..."has developed largely out of the work of Joseph Scanlon."

Scanlon has had a versatile career including cost accounting, professional boxing, open-hearth steel work, union president of a steel local, and a college professor.

It was in 1938 when many steel companies were close to the rocks that Scanlon, then a local president, pioneered a union-management productivity plan, which provided that workers would get a bonus for tangible savings in labor costs.

³Pigors and Myers, op. cit., p. 344.

"The first task in the application of the Scanlon Plan is to find a 'normal' labor cost for the plant under consideration, and then to devise a means for giving labor the benefit of anything it can save under that 'norm'. In every case, therefore, some kind of link must be found between the worker and over-all shop productivity."⁴ The nature of the link varies with the company and the industry. Two essentials to be noted are: (1) labor gets all of the labor-saving; management's profit from the plan is derived from increased sales with no corresponding increase in total "burden"; and (2) the bonus is given to all workers and not just to those individuals who made productivity suggestions.

The best results from the Scanlon Plan have been achieved where a union existed. However, ordinary union affairs and grievances are excluded when discussing the operation of the plan. The original suggestion to try the plan should come from the union; but if it comes from management, the consent of the union must be obtained, plus the approval of the regional representative.

Because this theory that labor should profit from labor-savings, while the company profits from a better use of its assets, provides for dynamic balance, any deviations from the original point agreed upon can be disruptive. Therefore,

⁴ Russell W. Davenport, "Enterprise for Everyman," Fortune (January, 1950), 57.

there must be a provision that changes can be made in the formula to compensate for changed conditions on either side. Where management makes an investment that will raise labor's productivity, without any increased work on the part of the labor force, a downward change in labor's norm is provided. If management were to lower prices, a decrease in production value from a non-labor source would result, necessitating a rise in labor's norm.

"The increased productivity of the shop under the Scanlon system is not achieved by a 'speed-up' in the ordinary sense of the word."⁵ Although the men may work harder and steadier, the real increase is achieved by suggestions for improved efficiency. Suggestions are handled by a shop committee, "impowered to put any suggestion into effect that does not involve some other department or a substantial outlay of money."⁶ A screening committee, made up of representatives of management and labor, act upon proposals of a wider scope. Each person making a suggestion is informed orally as to the decision reached. If the proposal is rejected, the suggestor is told why.

This procedure has considerable merit over the "suggestion box system." Even with cash awards as incentives, a worker is apt to withhold ideas rather than incur enmity

⁵Ibid., p. 59.

⁶Ibid.

or jealousy of his fellow workers. Then, too, the suggestion box encourages by-passing of immediate supervisors which many workers are loath to do. The end result is the worker "...has no idea of company problems, and hence no idea of why some moves are made that seem to him very stupid."⁷

The most important achievement of the Scanlon Plan is an intangible benefit that cannot be measured monetarily--a feeling of accomplishment and recognition by others of ones' abilities which are necessities of life.

Even as it is true that, "Man does not live by bread alone," it is also true that he doesn't survive long in its complete absence. So also must remuneration accompany recognition. This the Scanlon Plan provides; however, the individual alone is not rewarded, but the whole shop. Jealousy is virtually eliminated and suggestions encouraged.

"One of the greatest advantages of this kind of collective bargaining (Scanlon Plan), from the worker's point of view, is the knowledge that it gives him of the business."⁸ Men enjoy working together with management sharing good and bad times. Now..."the worker is no longer a pawn in a game he does not understand. He is a player. He enjoys it. And his contribution is worth money to all concerned."⁹

⁷ Ibid.

⁸ Ibid., p. 157.

⁹ Ibid.

Just how applicable is the Scanlon Plan? Every plant is different. The program has been tried in industries of varying nature, size, and circumstances. Of course, it has also met with a varying degree of success.

However, there are two prerequisites of the plan in all cases:¹⁰ union leadership must be intelligent, and most important, there must be someone in top management who is vitally interested. This is the personnel administrator, whether he goes by that title or not. He may be the top executive in a small firm, a vice-president in a middle-sized organization or the personnel manager in a large concern.

"If such men can be found--an intelligent union leader and a forthright management leader--the Scanlon principles can be applied virtually anywhere. And the way is then opened up to a new and creative area of industrial relations--the area of mutual interests. In the process of entering upon this area, and of consolidating it, everyone in the shop, high or low, joins the enterprise system."¹¹

II. CASE STUDIES *Study*

Lapointe Machine Tool Company.¹² The Lapointe Machine Tool Company is a small factory in Hudson, Massachusetts,

¹⁰ Ibid., p. 159.

¹¹ Ibid.

¹² Russell Davenport, "Enterprise for Everyman," Fortune (January, 1950), 55.

and is the world's oldest and largest manufacturer of broaches and broaching machines. It was founded in 1903 and now employs about 350 persons.

Labor relations at Lapointe were about "normal". There was mistrust on both sides leading to occasional ill feelings. Grievances were common, with the piecework incentive system being the usual bone of contention.

The United Steelworkers unionized the plant in 1945 and called a strike a year later, in conjunction with a national walkout for wage increases. Lapointe management secured an injunction on the contention that their union contract still had six months to run.

When the strike was settled in April, there was bitterness in the air, made all the worse by expectations of lean years in the machine tool industry with accompanying unemployment.

At this time, Jack Ali, union president, learned of the Scanlon Plan. He conferred with management and found them equally impressed. After securing approval from the regional field representative of the United Steelworkers, union and management began talks with Joseph Scanlon that culminated in the installation of his plan at Lapointe on December 1, 1947.

The "normal" labor cost chosen for the plant was the ratio of labor cost to total production value, the latter figure being equal to monthly sales plus or minus the change

in inventory. As Lapointe will not make this ratio public, the entire industry ratio of 41% may be used to illustrate the principle. The company felt the "norm" computed from war records too high, and the union agreed to a 3 point reduction to 38 percent. Thus, if total shipments for a month were \$75,000 and inventory change were a plus \$25,000, total production value for the month would be \$100,000. The normal payroll would be computed at 38%, or \$38,000. If the actual payroll were \$36,000, the difference of \$2,000 would go to the workers as their bonus.

To offset changing conditions and to maintain dynamically the original balance, changes in the formula are often necessary. At Lapointe, management decided to cut prices on half its products by 10 percent. As this would result in a decrease in production value for a non-labor reason, three points were added to labor's norm, making it 41%.

Another change was necessitated when the production curve dipped below the norm, making labor costs greater than 41%. Although the contract did not call for it, the union agreed to a reserve fund of 15% of each month's bonus to offset possible losses. The amount in the reserve fund at the end of the year would go to the employees.

"The reserve has had a salutary effect. It gives management a reasonable protection against temporary but unforeseeable slumps. On the other hand, it gives the workers a better perspective on the business. The desire

to protect the reserve gives them the same dread of red ink that management has."¹³

The success of the Plan depends upon suggestions to increase production. A committee of union and management representatives which rules on suggestions of a wide scope received 513 ideas in the first two years. Of these, 380 were accepted, 28 were started, 32 are pending, and 65 were rejected. Production committees of shop employees are empowered to put into effect any suggestion they deem acceptable providing the idea pertains to their respective departments and does not involve a substantial amount of money. If a suggestion is good but does not meet these two requirements, it is sent to the screening committee for a decision.

One of the great advantages of the Plan is the spirit of teamwork that is generated. This is nowhere more apparent than in a time of crisis.

At Lapointe, the first crisis occurred in the fourth month that the Plan was in operation. In the past, management had had a normal backlog and had had trouble making deliveries on time. However, production in the first three months rose 133%, 128%, and 121%, catching the sales force empty-handed for new orders. These orders were forthcoming, but as weeks of designing are necessary before production can

¹³Ibid., p. 59.

begin, a time-lag of three months where no bonuses were paid resulted. Despite this discouragement, the workers favored overwhelmingly to continue the Plan.

The next difficulty was also soon forthcoming. The usual practice was for the plant to shut down for vacations for two weeks in July. However, if designing had to wait until after vacations, there could be little hope of increased production in the near future. The engineering department considered the situation and voted to forego their vacations in the interest of the whole plant. Because of this, increased productivity made possible bonuses of 19 and 25% for September and October.

A third crisis arose when the company attempted to design a broaching machine to be used in the manufacture of jet engines. Labor, used to a productivity bonus, was called upon to forego these and cooperate on the new experiment. How well they did this is attested by the fact that productivity increased from 71% in the middle of the experimental work to 161% in the twentieth month of the Plan.

Both labor and management have benefitted since the Scanlon Plan was adopted at Lapointe.

The company has (1) increased its profits and percentage of business in the industry, (2) improved deliveries by, at least, two weeks, thus augmenting sales, (3) reduced complaints from imperfect workmanship, (4) solved the problem of instructing younger men, and (5) eliminated the problem of "controlled production".

Labor has received 18% more than the established industry wide wage over the first two years of the Plan's operation. Equally important has been the intangible benefits of a feeling of accomplishment and of teamwork that have been engendered. A final advantage is the strengthening of the union that has resulted. At the inception of the Plan, only 70% of the workers and none of the office employees were unionized at Lapointe. Two years later, all of the office and practically all of the labor force are union members. Union meetings are truly representative, and grievances have virtually disappeared.

Adamson Company.¹⁴ The Adamson Company is a maker of steel storage tanks located in East Palestine, Ohio. It was founded by its present owner, Cecil Adamson, in 1919. The company grosses approximately \$1,000,000 a year with an output of 100,000 tanks, which are sold mainly to oil companies and gas stations east of the Mississippi River. Adamson has always made money from the enterprise, even in depressions.

The United Steelworkers unionized the plant in 1937 without any interference from management. However, Adamson felt that this willing support of the new union should pay dividends, production-wise.

¹⁴ John Chamberlain, "Everyman a Capitalist," Life, December 23, 1946, p. 93.

When increases did not materialize, Adamson investigated the profit-sharing plans existing in industry. Of these plans, some companies "matched" workers contributions; others tied up the profit-sharing fund to old age pensions and insurance policies. A few did actually share the profits directly but at the end of the year and at the discretion of management.

Instead of plans which infringed on every individual's right to provide for his own security, or "pie-in-the-sky" deferred remuneration, Adamson sought a means to motivate production, not further burden down management. He believed the proper profit-sharing plan must include both responsibility and adventure in order to appeal to the worker. Adamson believed this best accomplished by immediate tangible reward on the basis of a 50-50 split of increased productivity. He took this idea to the United Steelworkers of America headquarters in Pittsburgh and to Joseph Scanlon, the union's expert on mill practice and cost accountancy.

The profit-sharing plan suggested by Scanlon went into effect January 1, 1945. The first month, a working force of 100 split a bonus of \$4,200. "...Suggestions began to pour in for improving the welding techniques, for smashing bottlenecks, (and) for cutting down idleness on the plant floor."¹⁵

¹⁵Ibid., p. 98.

At the close of the first year that the Plan was in operation, production efficiency had risen 54%. Since the average age of the factory force at the Adamson Company is 48 years, the jump was all the more amazing. In 1945, labor had increased its income by about one-half, and management, more than twice.

Of course, not all of Adamson's employees have taken the Plan to heart. However, when malingerers and absentee artists get the brush off, it frequently has the sobering effect desired.

The Scanlon Plan as applied to the Adamson Company has succeeded in demonstrating that workers need something more than security. The "something more" according to Professor Douglas MacGregor of Massachusetts Institute of Technology is "participation, partnership, and a sense of responsibility." Participation and partnership come when workers have a voice in production decisions and share proportionally to their success. The sense of responsibility implies craftsmanship and pride of accomplishment.

In the plant of Cecil Adamson these three factors are certainly in evidence, and because they are, everybody concerned has profited: Participation is present through shop decisions of the Production Committees; partnership is there because profit-sharing is considered a "right" based on partnership in production, not a paternalistic decision of management; responsibility is evidenced by

the workers desire to learn all the stages of production and so be interchangeable in an emergency.

One final accomplishment should not be overlooked. Previous to 1945, there had existed much union grumbling. After the Seanlon Plan had been initiated, the Adamson Company went on working throughout a nation-wide steel strike. "Today...union meetings in East Palestine have become good excuses for a night out to drink beer."¹⁶

Amalgamated Clothing Workers.¹⁷ Thus far, we have considered union-management cooperation through shop committees, supplemented by general committees. Another method for conducting this policy is the giving to management by the union of expert engineering assistance in reducing costs and increasing output.

"As a general rule, where each worker does a highly specialized operation on a standard product, the opportunity for the workers to suggest improvements is quite limited."¹⁸ Aside from several highly successful steel mills (Lapointe and Adamson), work that is repetitive, operations that are highly specialized, and payment which is by the piece require changes be made by an independent expert or by a union officer.

¹⁶ Ibid., p. 103.

¹⁷ Sumner H. Slichter, Union Policies and Industrial Management (Washington: Brookings Institute, 1941), p. 504.

¹⁸ Ibid., p. 570.

Usually, it is better for the union to develop qualified business agents than to hire outside experts who are often viewed with suspicion.

After the depression of 1921, union shops, engaged in the production of men's clothing encountered a considerable degree of competition from non-union shops. The consuming public's buying habits had changed to suits of lower quality and price, made by non-union labor. The situation grew critical with a severe slump in the clothing business in the middle of 1923. Chicago manufacturers, in the Spring of 1924, demanded a substantial reduction in wages. The union countered by offering to cooperate with management in the devising of more economical methods of production. They presented a six part program to accomplish this:

1. Avoidance of strikes.
2. Attempt to organize non-union plants.
3. Temporary wage concessions.
4. Extension of wage payment by results.
5. Abandonment of restrictive rules and customs.
6. Suggestions and assistance to employers.

Avoidance of Strikes.

The Amalgamated realized that every strike permitted the non-union plants a chance for expansion at their expense. They succeeded in curtailing strikes to an amazing degree. Only two principal walk-outs occurred in a decade.

Organization.

The union succeeded in a round-about way in their program for organizing non-union shops. Although few plants were organized, the threat of unionization was sufficient to cause a rise in non-union wages. This raised the price of non-union suits to some extent and so permitted union employers to compete more successfully.

Temporary Wage Concessions.

The union, realizing that innovations take time and immediate relief was necessary, agreed to a reduction of wages on a temporary basis for some plants and elimination of out-of-line piece work pay rates for others. In addition, the union tempered their demands whenever the problem of setting new piece rates came up. They sought to encourage manufacturers to introduce new and cheaper lines by removing wage rate stumbling-blocks. This is a case, not very common to be sure, of a union and its leader daring to make pecuniary concession rather than demand.

Extension of Payment by Results.

To help employers reduce costs, the union introduced standards of production in the cutting rooms and the trimming rooms. Where standards were not equitable and restrictions of output existed, the union agreed to upward revisions. They also refused to support members in their demand for hour work, except where specially justified.

Abandonment of Restrictive Rules.

The Amalgamated took the position that rules which gave special privileges to a few of its members, operated at the expense of the majority, whose employment suffered. One such rule that was abandoned was the requirement of the special order houses in Chicago requiring the employer to pay each cutter called to work on Monday morning an entire week's salary. The traditional union policies that a new job must pay as much as the old and that frequent failure to meet quotas was insufficient grounds for discharge, were also eliminated.

Assistance to Employers.

While the union had made an outstanding contribution to employers, non-union competitors still remained in a more advantageous position. However, the union had a staff of business agents who had, because of their duties, acquired an intimate knowledge of methods and practices in the industry. The Amalgamated took the position that it would help employers who were willing to help themselves. They did insist that management be competent since labor might well be required to make temporary sacrifices. A tailoring company in Cincinnati was advised by the union's business agent that they would help out when the company removed an inefficient foreman in the pants shop. The request was agreed upon, and a man from Chicago, recommended by the union, was brought in.

The union handled many hundreds of similar cases in giving assistance to employers. It was often able to suggest ways of rearranging work so as to eliminate or combine operations.

A clothing firm in the mid-West was in grave danger of going bankrupt. The company employed 700 workers and was the only large clothing factory in the area. The union was naturally concerned as there were no other shops to absorb displaced workers. When management asked the union for help, they suggested production of a cheaper suit. Several business agents who were well versed in this type of manufacture were brought in. They reorganized the coat shop and made radical changes in the pants and vest shops in the next eight months.

"Perhaps the most noteworthy of all cases of co-operation between the Amalgamated and an employer was that of Hart, Schaffner, and Marx in Chicago."¹⁹ The firm decided in 1924 to meet the consumer preference for cheaper suits by establishing a line made to sell for \$35. The union agreed to set a definite labor cost per suit and to compute piece rates that would not exceed the agreed limit.

To do this, the union found it necessary to make a considerable reduction in piece rates. It was agreed to limit the force working on the new line and to guarantee employment. Production was restricted to 2,000 suits per

¹⁹Ibid., p. 524.

week because the company was sure it could sell this number and, thus, keep employment steady.

The new line was so successful that production had to be increased to 5,000 a week. It was no longer necessary to guarantee minimum employment on this line, because it soon grew to represent 70 percent of the firm's total production.

"The lower costs made possible...on the (new) line were of great assistance both to the company and to its employees in adjusting themselves to changes in the clothing market."²⁰

In measuring the degree of accomplishment of the union's policy of cooperation, it must be kept in mind that the period under consideration was one of recession in the men's clothing industry. "Between 1923 and 1929, the number of establishments dropped from 4,607 to 4,202, and the number of wage earners from 194,820 to 188,069..."²¹ However, the union succeeded in minimizing, by the use of non-cost, or rather, cost-reducing methods, the effects of depression as the preceding statistics indicate. In the final analysis, therefore, "...the policy of the union must be regarded as a success."²²

²⁰ Ibid., p. 525.

²¹ Ibid.

²² Ibid., p. 527.

Glass Bottle Blowers.²³ The Glass Bottle Blowers

established bargaining with employers on a national basis in 1886 and have never had an industry-wide strike. However, the union's greatest test was in the early 1920's when mechanization entered the glass industry. Instead of fighting the trend, the Glass Bottle Blowers cooperated in installing machines, and the hand blowers became machine operators. In 1920, total production of glass containers was 15 million gross, and the union numbered less than 10,000; in 1949, the industry turned out 91 million gross, and the union has over 38,000 workers.

The union treasury, unstrained by strike costs, can afford to devote \$75,000 a year to promotional activities. The local in Zanesville, Ohio, gave a new meaning to labor-management cooperation by sponsoring a slogan contest with union funds. The subject was, "Why It Pays to Buy Milk in Glass Bottles", and the prizes were a 30 day supply of milk to each of three weekly winners during a 13 week contest and a grand prize of a television set.

The purpose of the campaign was to get people to buy products in glass containers instead of other packaging materials such as tin, paper, and plastic. No promotional

²³ From "The Union Fights Beside Management," Glass Packer (March, 1950), pp. 167-170; extract reprinted by the American Federation of Labor (Washington, D. C., 1953).

angle was overlooked. The mayor, the superintendent of schools, and the local president served as judges in the contest. This union also participates in the union-industries show of the A. F. of L. which features puppet shows, moving pictures of glass manufacturing, and a ticket drawing on an automobile.

In 1946, the union appropriated \$10,000 to advertise in labor publications and daily papers urging union members to purchase foods and beverages in glass containers; in 1950, the union spent \$50,000 in direct advertising alone.

Lee Minton, President of the Union, says, "Our union is sincere in being devoted to improving the welfare of the industry by: (1) increasing productivity, (2) adhering to technological change, and (3) maintaining a large volume of production at a fair volume of profit."²⁴

The Glass Containers Manufacturers Institute credits the union with great assistance in the push for buying of more products in glass containers.

In the light of Mr. Minton's pronouncements, it might prove interesting to consider the "lump of labor" theory (or fallacy) shared by many workers. It states that there is a fixed amount of work to be distributed among the work force at any given time. If the work is completed too soon,

²⁴ Ibid.

unemployment will result, and the addition of more workers to increase production will reduce the share of each. "It is a very real psychological phenomenon."²⁵

However, union and management in the glass industry have used mutual cooperation to attain worker security, and satisfaction while, at the same time, increasing productivity and scope of operations. The union has, thereby, rendered a non-pecuniary service to their members of high worth.

26

Naumkeag Steam Cotton Company. The Naumkeag Company is an old, established concern founded in 1839 in Salem, Massachusetts. It engages in the manufacture of quality sheets and pillow cases. In 1918, the company was unionized by the United Textile Workers, and by 1919, a closed shop was effected.

Naumkeag had always been a prosperous enterprise--being able to avoid a reduction in wages during the depression of 1921 and paying large dividends annually.

By the mid-twenties, however, competition increased greatly due to a demand shift to silk and rayon. The firms in the cotton textile industry, seeking measures to economize,

²⁵Milton Derber, "Labor Practices and Employment," Collier's Encyclopedia, Vol. XII (New York: P. F. Collier and Sons Corporation, 1950), p. 60.

²⁶R. C. Nyman, "Union-Management Cooperation in the Stretch-out," quoted by Sumner H. Slichter, op. cit., p. 532.

discovered that by standardization and simplification of processes, saving could be made. This was known as the "stretch-out". "... (It) was a form of labor dilution and produced demotions quite as often as layoffs."²⁷

The year 1928 proved to be so poor that Naumkeag found it necessary to resort to the stretch-out. As a result, management proposed to the union to increase the number of looms operated per weaver from 13 to 24; this would have meant the dismissal of 250 employees.

Union leaders were anxious to find an equitable solution. They realized the mill needed lower costs in order to continue to compete. They also knew their members did not want to endanger good jobs by striking. Strikes over stretch-outs in other plants had generally ended disastrously for the workers. Therefore, the union requested the company to hire an engineer to make a preliminary survey of the situation. The engineers' report revealed a need for reduced costs which could be attained by more efficient use of labor.

As a consequence of this report, the union proposed to management that they jointly determine new job assignments, and the company, hoping to avoid labor disputes while reducing costs, accepted.

²⁷Slichter, op. cit., p. 533.

The machinery necessary for joint research consisted of an impartial engineer who was to be assisted in the making of time studies by two representatives each of union and management. The results of these studies were to be submitted to a Waste Elimination Committee, headed by the above mentioned engineer and including the four members of his investigating staff plus the presidents of the two locals and the company's superintendent and plant engineer. This committee's task was to weight the results and make recommendations for new job assignments to the union and management. It is important to note that approval of both union and management was necessary even after committee decisions were reached; this presented each side the opportunity for bargaining.

"The Naumkeag experiment falls into two stages: the period prior to the middle of 1931, during which progress was at times promising; and the years from late 1931-1935, during which joint research was struggling for survival."²⁸

The First Stage.

The procedure set up for joint research proved to be cumbersome and time consuming. One year after the program was initiated, "no job assignments had been put into operation and the joint research committee had got no further than a more or less tentative agreement on 20 looms (in place of 12) as a standard job assignment for weavers."²⁹

²⁸ Ibid., p. 540.

²⁹ Ibid., p. 541.

The union, realizing that even a 24 loom assignment was practical and wishing to have what displacements that the change necessitated occur in the spring, proposed to the company that a 20 loom stretch-out be established in the weaving room. Management, displeased with the delays in cost cutting, accepted the union offer.

"The stretch-out reduced the number of weavers from 306 to 183, or 40 percent, and the number of workers in the weaving department from 589 to 433, or 26 percent. The union had bargained new wage rates so that the average earnings of weavers were raised from \$27.55 to \$31.78 per week and the average for the department from \$23.22 to \$26.78."³⁰

However, the rank and file did not view the stretch-out with hostility because (1) 20 looms was still a low assignment, (2) the outright dismissal were mostly limited to recently hired workers, and (3) wage increases compensated for demotions. The company was also favorable to the stretch-out as it meant an annual saving of \$110,000 a year in the weaving department.

The stretch-out was extended next into the warp spinning and weft spinning rooms and then into the carding and cloth inspection departments. Little or no resentment developed among the rank and file because there was

³⁰ Ibid., p. 543.

practically no layoff of regular workers, and advances in pay were more numerous than demotions. The engineer in charge of research estimated management had made a net saving of \$230,000 a year.

"If business had improved during the summer of 1931, it is probable that the Naumkeag experiment would have gone down in history as a notable success in union management co-operation."³¹

The Second Stage.

The general business situation in the U. S. during the latter part of 1931 grew worse rapidly. Management, in order to meet competition, proposed a wage cut of 10 percent.

Union leaders knew they had little chance of winning a strike in a depression; neither did they want to reduce the company's ability to supply jobs. They also realized the rank and file were now critical of joint research because (1) they already were on a four day week, (2) demoted workers could see no hope of promotion, and (3) a stretch-out during a depression could only lead to more displacement. Management agreed to discontinued joint-research, so the union accepted a 10 percent wage cut.

Business continued to decline, and in April of 1932, management proposed another wage cut of 10 percent. In addition, it called for larger job assignments in the

³¹Ibid., p. 544.

spinning and weaving departments; this it justified by reference to data already collected and reduction in end breakage.

Four questions covering these demands were put to the rank and file. The results of the vote were:³²

	<u>Yes</u>	<u>No</u>
1. Will you accept a 10 percent cut in wages?	520	635
2. Will you accept research on your job?	134	980
3. Do you favor a strike if required to accept both No. 1 and No. 2?	575	457
4. Do you favor a strike if required to accept either No. 1 or No. 2?	341	615

By this the union sought to limit the company to either a wage cut or larger job assignments and continued research. The rank and file had made it clear that the alternative it favored was a wage cut, and management agreed to limit its demands to a 10 percent reduction only.

When business still continued to decline, management was forced to demand, in March of 1933, an increase of job assignments on looms and spinners. The company pointed out that reduced end breakage made possible an assignment increase and also that only 100 out of 1200 workers would be discharged.

The union realized management's demands were just, but they also knew the rank and file attributed to joint research all the present difficulties; so they went to the national union for advice. The national sent out experts who confirmed

³²Ibid., p. 548.

the company's position. The final agreement reached called for (1) weavers to operate 24 looms instead of 20, (2) spinner sides increased from 18 to 20, (3) joint research to be resumed, and (4) layoffs to be confined to married women without dependents.

The rank and file led by two hostile factions, the married women and the demoted employees, repudiated their union leaders and demanded a strike. A vote favored striking, 981 to 282. The workers disassociated from both their local and national leaders and elected a special committee to conduct a strike.

Thus, the union by adopting a far sighted policy of compromise and reasonableness lost its following among the Naumkeag workers.

Two Brief Studies: Failure of Union-Management Cooperation. Thus far, we have considered formal and informal plans, applicable to a particular firm or on an industry-wide basis, for union-management cooperation. Also, we have suggested the fact that both union and company representation must be interested and competent. In short, ... "Industrial relations can rise no higher than the attitudes of the parties concerned with them."³³

³³ Henry S. Gilbertson, Personnel Policies and Unionism (Boston: Atheneum Press, 1950), p. 9.

This is the opinion of every authority in the field; if either side lacks foresight or is openly hostile to the other, the plan cannot materialize.

"A bedding firm read about the Steelworkers Organizing Committee's experiences and wanted to cooperate with its employees to raise output and share the benefits equitably. But the union was against the idea. It had a union-shop contract; but the national officers frowned on the program, and the local did not accept the challenge of management to increase its members' earnings by increasing output."³⁴

"In the case of a paint company, the Steelworkers Organizing Committee was requested by the top officers of the chemical division of the United Mine Workers to assist its local union in formulating a program for one of the company's plants. A SWOC representative found the plant management hesitant. Several days of conferences finally evolved an agreement that followed the pattern of SWOC's union-management cooperation proposal. The superintendent became enthusiastic about the prospects. The plant was closed completely for two hours at five-thirty in the evening to permit all workers to attend a general membership meeting to act on the proposal. The adoption of the plan was voted unanimously. All that remained was for the company president to sign the agreement. He positively refused to do this,

³⁴ Golden and Ruttenberg, op. cit., p. 266.

maintained that the union had been instrumental in decreasing efficiency and that any cooperation it might give belonged to him without an agreement of any kind."³⁵

In the two cases cited above, first the union and then management permitted distrust and suspicion of the other to destroy cooperative plans before their adoption.

III. CONCLUSIONS REGARDING UNION-MANAGEMENT COOPERATION

(The Naumkeag experiment and) two cases just cited were not placed as the final case studies to cast an ominous shadow over the prospects for the spread of cooperation proposals but to point out that no plan is an "end-all"--the ultimate solution on all occasions. [We have already made note of Slichter's opinion that it was the depression that caused the cessation of the Naumkeag experiment.] In a period of cut-backs, one cannot expect labor cooperation in efficiency schemes which eliminate many workers. The whole idea of union-management cooperation is to increase production through efficiency, not to produce a fixed output by more advantageous uses of lesser amounts of the factors of production.

[Another provocative aspect of the Naumkeag experiment was the revolt of the union members against their leaders. Proposals of management which were quite acceptable to both the local and national union leaders were considered unreasonable by the rank and file. The leaders, by virtue of their

³⁵Ibid., p. 267.

superior knowledge of not only the company's position but also the prevailing conditions in the entire industry, were prone to consider the welfare of the members in the long run. The workers, whose desires were geared to the short run and agitated by depression hysteria, could not comprehend their leaders' actions and repudiated both local and national unions. This danger is not limited to depression periods.

The union leader, to maintain his position, may often be forced to make excessive, even factitious demands on management with the result that labor and management suffer economic and social consequences. How, then, can the far-sighted union leaders who appreciate the long run mutuality of interests between labor and management keep the confidence of the rank and file? Only by an educational program begun in a favorable economic atmosphere. Workers are much more concerned with job security during a recession than undergoing changes that will prove beneficial in what appears to them, the far distant future. As we have already indicated, the time is coming for a change in the ways union leaders justify their existence to the rank and file. If union leaders turn at times to non-pecuniary contributions as their justifications, the educational program and atmosphere created necessary to establish this union justification will also be useful in promulgating the concept of mutuality of long run interests as a general point of view.

We have also seen that union-management cooperation has practical as well as ethical merits. The case studies

indicate men work better when they participate in problems of production and profit for their contribution in both a monetary and fraternal sense.

Logically, the next question to be considered is as to the amount of cooperation presently in effect. Unfortunately, in industry today the number is small. Moreover the policy "...is usually short lived. Most of the experiments in union-management cooperation have had their origin in a crisis of some kind. (Only) in a few cases (has) cooperation resulted from a desire on the part of a company and union to achieve some specific immediate objective without the stimulus of forces threatening either side."³⁶

While cooperation has proven effective in the limited area that it has been tested, the barrier of fear has prevented its spread to the majority of American industries--a fear not only on the part of management but also by the unions and even by the workers. The key to the whole situation is the accepted presence of good faith by all concerned.

Management's fear of the loss of its decision-making prerogative to the detriment of capital would have much less validity if good faith were accepted confidently. Matters of common interests would offer no problem, and those of conflicting interests would eventually be resolved by collective

³⁶ Frederick Harbison and Robert Dyan, Patterns of Union-Management Relations (Chicago: Science Research Associates, 1947), p. 214.

bargaining anyway, this minimizing the fear of dilution of authority.

The unions find themselves in a paradoxical situation. It has been suggested that typical unions which concern themselves strictly with collective bargaining (say for higher wages) contribute to the stifling of worker expression and, consequently, do not fully develop union standing with the rank-and-file. Co-operation has been proposed as an important contribution to the solution to the problem. However, among union leaders there prevails the fear that a "withering away" of the union may occur when harmony of interest is stressed. Again, where good faith is present, this is improbable; also, workers have a psychological need for unions that is not likely to be assuaged by cooperation. In fact the union may prove to be the channel of cooperation.

Employees also fear cooperation, because they associate layoffs and wage reduction with it. This concept is a throw-back to the depression days. As the case study of the Naumkeag Company indicated, an era of recession and cut-backs is a poor climate for the development of a cooperative program. Such an era breeds hostility to any innovation, as the status quo is already being shaken to its foundation. Once more, mutual good faith coupled with the right economic atmosphere seems to be the most appropriate solution.

"There thus appears to be solid grounds for believing that where good faith exists between the parties the dangers

of cooperation have been overstated."³⁷ However, good faith is not always readily obtained. It is easier to mistrust than to give the other party the benefit of the doubt. We must then, expect the cooperation program to spread spasmodically, "...being pioneered by those unions and firms that see in it a means of benefiting themselves."³⁸ While the immediate prospects for the growth of the cooperation idea is not overly optimistic, the long run potential is unlimited. "New social arrangements to meet the needs of a new environment cannot be invented for the mass of mankind by a few professed thinkers and politicians, but must be the result of innumerable experiments in which as many individuals as possible have freely taken part."³⁹

³⁷Ibid., p. 455.

³⁸Ibid.

³⁹Graham Wallas, The Great Society (New York: Macmillan Company, 1914), p. 351, quoted by Chamberlain, op. cit., p. 456.

copy
CHAPTER V

GENERAL CONCLUSIONS

This paper began by presenting the union leader's dilemma--periodic wage increases, which have been the past justification of a union's formation and continued existence, may now be completely offset by a combination of price increases and unemployment; in addition, unwarranted wage raises could evoke legislative measures to control the threat of an inflationary economic spiral. Predicated on this thesis, the writer has essayed to answer the question as to whether labor unions can, at times, justify their existence to their members by promoting worker benefits which are, in the long run, non-cost items to the employer.

Unions make non-pecuniary contributions to their members in the psychological sphere, in the realm of worker security, and, thirdly, in the area of production cooperation.

In the first category, the psychological sphere, the union serves as a balancer of power between labor and management. Be the employer militant or benevolent, the existence of a union helps provide the workingman a measure of peace of mind by protecting his pride, dignity, and self confidence from possible infringement.

Today, the predominant realm in which unions render a non-pecuniary service to their members is that of worker security. By virtue of collective bargaining agreements, unions have succeeded in greatly increasing rank-and-file

protection. This paper has delved into the various specific non-monetary benefits in some detail to indicate the degree of relative importance of each. Safety provisions seem to have evoked the most union-management response and successful cooperation. Health benefits, in the main, tend to be employer-financed and, as such, should not be construed as non-pecuniary in nature. Use of the seniority method of selection with regard, to promotion, transfer, and layoff and rehiring is directly proportional to the size of the particular company and relative strength of the union involved. The predominance of seniority over merit as the prime basis of selection has long been identified in the workers' mind as the fruit of progressive unionism. It was, of course, immediately conceded by the writer that the abuse of seniority will surely involve a money cost to the employer. Another equally important collective bargaining provision to the rank-and-file is that for grievance procedure. Virtually every major labor-management contract makes reference, either directly or by inference, to the processing of employee grievances. Unions have become quite adept and efficient in the administration of the protective machinery established in the working agreement. "Today it is the service job done by the unions which make for union identification. It is more and more being taken for granted, though its services are highly appreciated... This situation does not endanger the existence of the union,

but it leaves open the question of what the role of the union in the organized work process will eventually be."¹

Production cooperation, third major area of non-pecuniary union beneficial activity, possesses the potential to raise the role of unions back to the dynamic position it originally occupied.

Unions came into being because "a man alone could not do it." Only by joint action could the oppressiveness of arbitrary authority be diminished. However, the degree of success that unions have achieved in this undertaking has resulted in an organization of the work process that "... impedes creative self-expression of the workers."² The common bond, of feeling themselves to victims of exploitation, which cemented the rank-and-file together, exists no more. With its passing comes the necessity of substituting an outlet for self expression that also includes involvement in a group.

We have a fetish for security, but at the same time want a challenge in our daily work. Is there, then, any program which includes the challenge of self expression with group association, but still retains the existing measures of job security? The only one which has been tried and

¹Fred H. Blum, Toward a Democratic Work Process (New York: Harper and Brothers, 1953), pp. 54-55.

²Ibid., p. 55.

proven successful, even in a limited area, is that of union-management cooperation in production.

Success notwithstanding, the fact that the cooperation idea has been a last resort and only in sporadic instances, may be attributed to its revolutionary nature. Since their inception, unions have had to fight for their very existence. Cooperation is a radically new and different approach to an old problem. Most unions have not geared themselves to think along the lines of reducing costs and improving methods. While many unions do not realize employers need help in these areas, others have found when aid is proffered, it is refused. Management, faced with the rapid spread and increasing power of unions, is prone to look upon any proposals of cooperation as a further invasion of their "ancient prerogative" of decision making.

While most employers have not sought union assistance, except when forced to by economic adversity, this "...is no reflection on the program, but upon the American character. In all fields of endeavor, in the main, Americans let nature take its own course until the wolf is at the door."³ Despite the drawbacks of convention and established precedent, it must be kept in mind that the policy of cooperation is economically sound and practicable. As initially stated in the introduction, it is not within the scope of this paper to establish the precise relative values members place on the

³Golden and Ruttenberg, op. cit., p. 283.

respective non-cost services which unions render them. At what point do union members feel that non-pecuniary benefits may be equitably substituted for wage increases? (A number of variables are involved, as indicated in the Naumkeag Case. Chief among these is the immediate prevailing economic climate.) We may, perhaps, infer something of the rank-and-file esteem for the various collective bargaining provisions by their relative frequency of appearance in contracts. Contributions in the psychological sphere are, more or less, taken for granted by union members. Aside from sporadic instances, benefits from production cooperation exist only as a future potential. It remains for union leaders to extricate themselves from their dilemma by initiating an educational program for members stressing: (1) impossibility of wage raises not predicated on productivity increases; (2) numerous and substantial non-cost benefits that unions secure for their members; and (3) value of production cooperation as a means of increasing productivity and, hence, wages. Lastly, union leaders must strive to promote a program for production cooperation even if management is, at first, reticent.

This program is no utopian approach for, as collective bargaining matures and comes of age, we may expect both union and management to reach decisions with long run objectives in mind. "The business process should be a way of life quite as

much as a means of earning a living,"⁴ (and it is now for many.)

⁴Walter D. Scott, William R. Spriegel, and Robert C. Clothier, Personnel Management (New York: McGraw-Hill, 1949), p. 550.

BIBLIOGRAPHY

A. BOOKS

- Bakke, Edward Wright. Mutual Survival. New York: Harper and Brothers, 1946.
- Blum, Fred H. Toward a Democratic Work Process. New York: Harper and Brothers, 1953.
- Chamberlain, Neil W. Collective Bargaining. New York: McGraw-Hill Book Company, Inc., 1951.
- Douglas, Paul, Curtice N. Hitchcock, and Willard Atkins. The Worker in Modern Economic Society. Chicago: University of Chicago Press, 1923.
- Dunlop, John T. Collective Bargaining. Chicago: Richard D. Irwin, 1949.
- Gilbertson, Henry S. Personal Policies and Unionism. Boston: Atheneum Press, 1950.
- Golden, Clinton S. and Harold Rutenberg. The Dynamics of Industrial Democracy. New York: Harper and Brothers, 1942.
- Greenman, Russell L. and Elizabeth B. Greenman. Getting Along with Unions. New York: Harper and Brothers, 1948.
- Harbison, Frederick and Robert Dubin. Patterns of Union-Management Relations. Chicago: Science Research Associates, 1947.
- Jucius, Michael J. Personnel Management. Chicago: Richard D. Irwin, 1950.
- Maier, Norman R. F. Principles of Human Relations. New York: John Wiley and Sons, 1952.
- Phelps, Orme W. Introduction to Labor Economics. New York: McGraw-Hill Book Company, Inc., 1950.
- Pigors, Paul and Charles Myers. Personnel Administration. New York: McGraw-Hill Book Company, Inc., 1951.
- Scott, Walter D., William R. Spriegel, and Robert C. Clothier. Personnel Management. New York: McGraw-Hill Book Company, Inc., 1949.

Slichter, Sumner H. The American Economy. New York: Alfred A. Knopf, 1948.

X _____ . Union Policies and Industrial Management. Washington: Brookings Institute, 1941.

Wright, David McCord, editor. The Impact of the Union. New York: Harcourt Brace and Company, 1951.

Yoder, Dale. Personnel Management and Industrial Relations. New York: Prentice-Hall, 1949.

B. ARTICLES

Anonymous. "The Union Fights Beside Management," Glass Packer, March, 1950.

Anonymous. "Woman Wins Porterville Damage Suit Settlement," San Francisco Examiner, September 30, 1954.

Bercowitz, Anna. "Labor-Management Relations in the Cement Industry," Monthly Labor Review, January, 1951.

Bortz, Nelson M. and Alexander Moros. "Characteristics of 12,000 Labor-Management Contracts," Monthly Labor Review, July, 1951.

Brier, Royce. "Something New in Industrial Scene," San Francisco Chronicle, October 11, 1954.

X Chamberlain, John. "Everyman a Capitalist," Life, December 23, 1946.

Davenport, Russell W. "Enterprise for Everyman," Fortune, January, 1950.

_____. "The Greatest Opportunity on Earth," Fortune, October, 1949.

X Derber, Milton. "Labor Practices and Employment," Colliers Encyclopedia, Vol. XII. New York: P. F. Collier and Sons Corporation, 1950.

Eber, Manuel and Thomas H. Paine. "Health and Welfare Plans in the Basic Steel Industry," Monthly Labor Review, October, 1951.

Moore, Ernestine M. and James Nix. "Arbitration Provisions in Collective Agreements, 1952," Monthly Labor Review, March, 1953.

- Nix, James, Rose Theodore and Dena Wolk. "Grievance Procedure in Union Agreements, 1950-51," Monthly Labor Review, July, 1951.
- Nix, James. "Collectively Bargained Length-of-Service Benefits," Monthly Labor Review, August, 1951.
- Paschell, William. "The International Typographical Union," Monthly Labor Review, May, 1952.
- Rowe, Evan Keith. "Health and Welfare Plans in the Automobile Industry," Monthly Labor Review, September, 1951.
- Rukeyser, Merryle Stanley. "Fringe Benefit Idea for Union Contracts," San Francisco Examiner, October 14, 1953.
- Selekman, Benjamin M. "Varieties of Labor Relations," Harvard Business Review, Vol. 27, No. 2.
- United States Department of Labor. "Union Health and Welfare Plans," Monthly Labor Review, February, 1947.
- Woll, Matthew. "Union Labor's Role in Production," Popular Economics, October, 1951.

C. PAMPHLETS

- Chamber of Commerce of the United States. Toward Worker Security. Washington: Chamber of Commerce of the United States, 1951.
- United States Department of Labor. Brief History of the American Labor Movement. (Bulletin No. 1000) Washington: Government Printing Office, 1950.
- United States Department of Labor. Collective Bargaining Provisions: Discharge, Discipline, and Quits; Dismissal Pay Provisions. (Bulletin No. 908-5) Washington: Government Printing Office, 1948.
- United States Department of Labor. Collective Bargaining Provisions: Health, Insurance, and Pensions. (Bulletin No. 908-17) Washington: Government Printing Office, 1949.
- United States Department of Labor. Collective Bargaining Provisions: Promotion, Transfer, and Assignment; Lay-off, Work-Sharing, and Reemployment. (Bulletin No. 908-7) Washington: Government Printing Office, 1948.

United States Department of Labor. Collective Bargaining Provisions: Safety, Health, and Sanitation (Bulletin No. 908-14) Washington: Government Printing Office, 1949.

United States Department of Labor. Collective Bargaining Provisions: Seniority. (Bulletin No. 908-11) Washington: Government Printing Office, 1949.

United States Department of Labor. Joint Safety Committees at Work. (Bulletin No. 61) Washington: Government Printing Office, 1944.

United States Department of Labor. Reports of the Committee on Labor-Management Cooperation for Safety (Bulletin No. 136) Washington: Government Printing Office, 1950.

D. UNPUBLISHED MATERIALS

Clague, Ewan. "The Worker's Quest for Security." Unpublished mimeographed remarks before Third Personnel Management and Industrial Relations Seminar, University of California at Los Angeles, November 28, 1950.

Letter from H. M. Douty, Chief, Division of Wages and Industrial Relations, Bureau of Labor Statistics, United States Department of Labor, February 2, 1954.

Letter from Bernard C. Hartung, Assistant Manager, Pacific Central Region, National Association of Manufacturers, February 5, 1954.

Letter from Boris Shitshkin, Director of Research, American Federation of Labor, January 15, 1954.

Letter from William H. Smith, Director, Department of Research and Analysis, Federated Employers of San Francisco, January 13, 1954.