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PROBLEMS IN LABOR RELATIONS

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The main credit for this book should go to company executives, union officials, foremen, shop stewards, and rank-and-file workers in American industry. They are the people who live, day in and day out, that which the rest of us record as collective bargaining. But if we are to use these cases at all, these individuals must generally remain anonymous. That is the condition upon which the records are made available. So, while we regret that we cannot name them, we cannot forego a word of tribute. They are, in a sense, pioneers, forging out of their everyday rough and tumble differences and adjustments ways of safeguarding the know-how of productivity, the spirit of human dignity, and the equality of opportunity, all so strategic in the American creed.

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THE AUTHORS

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INTRODUCTION

How does collective bargaining work? What actually is it in day-to-day operations? What are its characteristic processes and procedures? What are the factors that produce cooperation in one situation and conflict in another? How do the parties shape the relationship within which they will deal with one another?

Such questions obviously are best explored through authentic experience drawn from industry. Each case in this book, consequently, portrays management executives, union officials, and workers interacting, through their own words and behavior, within the patterns of collective bargaining. They are observed hammering out in negotiating sessions the clauses of the agreement under which they will live together, at times facing a stalemate and the test of strength. They are seen discussing grievances within the adjustment machinery of their agreement and arguing respective claims in arbitration proceedings. They are followed as they thrash out problems arising in daily administration and as they fulfill in general their varying functions in the typical roles of joint dealings. They reveal thereby how performance in any of their roles is conditioned, not only by individual personality and skill, but also by the nature of the union-management relationship within which each representative, from shop steward and foreman to top executive, is functioning.

These cases reveal too how internal patterns of activity and relationship are conditioned by external forces. For collective bargaining mushroomed in the wake of severe depression, took root in a climate of social upheaval and unprecedented legal regulation, and had to assimilate successively the impact of defense and war, postwar reconversion, and now the long and difficult pull of an uncertain peace. Amid the stresses and tensions of such disturbing times, managements and unions have had to effect difficult transitions, intrinsically emotion-loaded, in group relationships. The concrete experiences this volume presents mirror both the problems through which such stresses make themselves felt and the evolving adaptations encompassed within the framework of collective bargaining.

The Central Thread—Adaptive Human Behavior. The central thesis of our work is that collective bargaining must be studied as human behavior. The behavior caught in each case begins with *a problem or a group of problems* with which the parties to collective bargaining must deal. Thus a case may present the whole range of issues normally before union and management at the negotiation table, or it may present any one of them that has become the subject matter of daily administration. In approaching the case record, accordingly, the first practical step toward its exploration is to identify the concrete problem or group of problems it contains. Is it a prob-

lem in seniority, or job rates, or discipline, or the multiple issues of a contract negotiation? What is the history of the problem; and what the influence of prior actions? Each case also presents in operation a *procedure* formulated by the parties for dealing with these problems, from contract negotiation through all the administrative steps by which the contract is interpreted, applied, and enforced. Therefore, the student will next wish to determine under what procedure—usually prescribed by the contract—the parties are dealing with the problem. Is it as a grievance, as a submission to arbitration, as a negotiation agenda, as a subject for committee conference?

But every practitioner who has to handle labor relations knows that its problems and procedures never contain the whole story of actual daily experience. He knows how various are the concrete expressions given the same problems subjected to the same procedures of adjustment in collective bargaining. They may take quite different courses as a given union deals with them in different industries or different companies—to say nothing of different plants in the same company, or even of different departments in the same plant! They may vary in the same way when a given company must handle them with representatives of different unions possessing mandates to "speak for" its employees.

Where shall one seek the explanation of these differences save in the focal fact that problems and procedures are filtered through and acted out by *people as individuals and as groups,* from the sweeper to the chairman of the board or the national union president, from the bench clique to the country-club group, from the billion-dollar corporation to the million-member union? Who are the focal people in the case is thus always a question of unique importance in a student's analysis of any case situation. For collective bargaining is basically a social institution. Accordingly, the student must give unfailing consideration to the individuals and groups who act, and in turn are acted upon, within any context of collective dealings. What influence do the people in a given shop situation exert? What kind of people do they seem to be? What are their relations, one to another? What roles do these people fulfill? How are their roles related in the organization? What evaluation can be placed upon their performance in these roles?

Problems, procedures, and people: here are the ingredients of labor relations and collective bargaining viewed as human behavior. How then shall the student probe their impact and interrelations to gain an understanding of each situation reported in these records? The key, we think, lies in the *relationships* which exist in each situation described. For each workplace is a dynamic environment in which a particular social structure has been in process of evolution from the day the business enterprise was born. From the moment workers take their places for the first time within a particular plant at a particular location to perform particular tasks employing particular skills under the leadership of particular supervisors, a work community begins to take form. The shop community, as all communities, develops its own patterns of relationships and codes of behavior. Each individual plays his roles as he attains both social and occupational status.

When the union enters, it injects into the communal environment new and more complex relationship patterns. Workers are now also union members. New leaders—grievance committeemen, shop stewards, union officers—appear in new roles within the work community. Foremen take on the new responsibility of handling shop grievances as management's first line of administration in the new institution of collective bargaining. Thus, another social structure crosses the lines of that developed prior to the entry of the union. Continuous working relationships must be built between union and company through their respective representatives at all levels and the individual men working together as employees and supervisors in the shop.[1] Human beings must adapt to a changing social environment through the roles and relationships of the new social institution called "collective bargaining" that is leaving its impress upon every facet of motivation and behavior in the work community.

The Two Keys of Relationship. Thus the concept of *relationships through social structure* becomes a prime tool of analysis and a central unit of observation for study of these cases. The cases themselves, in turn, fall into two major categories. The first focuses upon relationships within the internal shop community, viewed through a situation in which management and men seek to deal with a problem arising in day-to-day administration. The cases dealing with internal social structures have been grouped in Part I of this volume under the heading "Problems in the Shop."

The second major category of cases focuses upon the over-all, or institutional, relationships between the union and the corporation. It is such institutional relationships that frequently furnish the conditioning structure by which joint dealings in their dominating patterns are shaped. In Part II, case situations stressing institutional relationships have been brought together as "Problems at the Bargaining Table." In addition, some cases, such as Ford, National Food Specialties, Bartolo Brothers, trace developments from year to year to indicate modifications in relationships over a period of time.

The factors involved in bargaining behavior, which have been summarized under the labels of problems, procedures, and people, are not present with equal force or clarity in all cases. For one thing, since these cases are extracts from actual life situations, not all relevant factors are always recorded in the interplay of the people involved. For another, by the very nature of the situation recorded, personality influences are likely to reveal themselves more sharply in the situations arising from internal shop relations than at the bargaining table. This is not to say that personality traits do not exercise their very potent impact upon negotiation proceedings, just as in contract administration. On the contrary, anyone familiar with negotiating knows how vital a part is played by the quality of leadership on each side in determining the tactics and strategy of each particular bargaining experience. But the transcript of actual negotiation proceedings does not catch

[1] For a fuller analysis of approaches to collective bargaining through the key of relationships, see Benjamin M. Selekman, *Labor Relations and Human Relations* (New York, McGraw-Hill Book Company, Inc., 1947).

individuality through recorded behavior as does a daily problem of contract administration. For much of the play of personality in negotiations is "off the record"; the exchanges at the conference table give the reasons by which the bargainers justify their demands; and so it is the structure of institutional relationships that is more likely to reveal itself through the manner in which the bargainers perform their clear-cut institutional roles. Conversely, while the over-all structure of relationships is necessarily contained also in each problem situation arising from internal shop administration, its influence will not always emerge as clearly as in the negotiation cases. There, instead, for understandable reasons, the student will be able to follow more visibly the interplay of individual personality and group sentiments.

The Diagnosis of Internal Relationships. The shop or plant, then, emerges as the communal environment within which the daily run-of-the-mill problems of collective bargaining arise and must be handled. Recalling that the problem has been defined, the procedure labeled, and the people identified, the student can fairly ask just how the determinative factors of internal relationships may be bared from the overlay of sheer talk and substantive "claims" and procedural intricacies in each case. The questions that follow suggest diagnostic clues that we have found useful in pursuing understanding of these controlling structures of internal relationship: Just how is the shop organized as a unit in collective bargaining? What about the union involved, its affiliation, its internal organization? What similarly about the company: Is it a small company, closely owned, or a large multiplant corporation? In what sector of industry is it functioning? In basic production? In consumers' goods? In distribution? What light does the history of the union-management relationship throw upon behavior in the problem to be currently handled? How did the union gain entry? How long have relationships existed? Does shop behavior contain any hang-over, or residual hostilities and suspicions, from the organizing period or from any previous experience? Are any shop groups, cliques, or factions, actual or potential, functioning in the situation? Are they formed around the work organization, ethnic or race ties, age or sex interests, political factions? How are these groups related to the purposes of the management and the union? What unwritten group codes, if any, shape shop behavior within the formal rules and contract provisions?

Certain extra-shop factors add another and often different set of forces influencing the internal situation being diagnosed. They must be integrated into the effective patterns of shop relations, because external forces manifestly help to fashion the motivating drives, the sentiments, and the feelings of the people at work together, and hence help explain their on-the-job behavior. For instance, how about economic factors, such as trends in production demand, labor demand, prices? How about technologic and engineering factors? How about social and political influences?

Exploration of a shop problem through such questions—and others that the instructor or student may add—now permits final evaluation of its true dimensions, its dimensions both as a situation to be understood and as one to

be actually handled. The initial problem defined and classified as "seniority," or "discipline," or "wage determination," or whatever, may prove predominantly what it had been presented to be from the outset: an objective dispute over concrete rights and obligations in shop relations amenable to settlement by the formal procedures of collective dealings. But it may also prove something quite different, taking on additional, deeper, and more relevant meanings as a result of the student's careful survey of the shop territory from which it springs. Indeed, such a diagnostic examination may now require a redefinition of the problem. New clues now may be discovered as to its nature. On re-examination does the problem take on significance beyond what might be deemed the normal expectancies of its label as a wage dispute or difference over seniority or whatever? Does its content seem unduly affected by emotions and sentiments on the part of the individuals and groups? Does the behavior evoked seem repetitive, that is, impervious to prior "settlements," or current offers; or excessive, that is, transcending the intrinsic importance of the issue involved? Do the problems themselves prove expansible, that is, do they seem to grow and multiply as the parties deal with them? In a word, does truly effective handling of the situation require recognition of latent disorders in individual, group, or shop relationships?

The Diagnosis of Institutional Relationships. To prove similarly the impact of the over-all structure of institutional, or union-management, relationships upon human behavior in industry demands a more formal apparatus of "leads" and "clues." For the people interacting within institutional relationships must be viewed first as "representatives" of bargaining institutions, institutions which safeguard the varying interests of their "constituents." This slanting of perspective by the intervention of the institution itself between the "leaders" relating one to the other at the "conference table" is accentuated further by the urgency of the public interest in large-scale collective bargaining. We tend to oversimplify judgment upon these union-management relations, to polarize dealings as either *good* or *bad*. The value of studying institutional relations by observing slices of bargaining session realities lies precisely in the discriminations such observation facilitates. We soon begin to realize that a "model" of cooperation may prove effective in one situation but not necessarily fit the requirements of another. The practices that recommend themselves to one union and company may seem just the wrong ones to others having different needs and goals. The structure of institutional relationships that serves well during the uncertainties of early stages of collective bargaining may thwart the potentialities of a later stage.

Structures of institutional relationships are to be studied, in a word, as adaptive mechanisms. At least eight types, in our opinion, may be distinguished. They are, namely: (1) *the structure of containment-aggression;* (2) *the structure of ideology;* (3) *the structure of conflict;* (4) *the structure of power-bargaining;* (5) *the structure of deal-bargaining;* (6) *the structure of collusion;* (7) *the structure of accommodation;* and (8) *the structure of cooperation.*

The very labels affixed to these type-forms of relationships seek to estab-

lish the classifications for what they are, convenient abstractions from a ceaseless overlapping flow of interrelated action and response. These *patterns,* differentiated one from another, summarize multiple gradations of difference in degree, of more and less, rather than of differences in kind, among the relations that bind managements and unions in characteristic activities ranging from conflict to cooperation. They do not denote final or fixed structures of relationship but tentative, experimental, clinical hypotheses.

The structure of containment-aggression. In this structure, the union aggressively presses to extend its scope of action; and management strives with equal determination to contain it within bounds. The modes of joint dealing generally reflect the responses of leaders on both sides to the sheer newness of the relations into which they suddenly have found themselves plunged by legal compulsions and organizing force. These developments have been marked particularly in the large-scale plants of basic industry, long strongholds against the entry of unionism.

By the nature of things, every characteristic phase of bargaining practice is held to the strict limits of legal obligation. In negotiating the agreement, management gives way as gradually as possible. The scope of negotiation is not only rigidly defined but consistently held to the traditional subject matter of wages, hours, and conditions of employment. Agreements are strictly construed. Legalistic interpretation and insistence upon disciplined observance of contractual obligations characterize daily administration.

The structure of ideology. This structure is still relatively infrequent in incidence, but as long as any given structure of joint dealings remains in the hands of the ideologists, inevitably it remains also a *conflict pattern.* Of course, ideological unions—unions dedicated primarily to an ideology like socialism, or communism, or the transcendence of class over national considerations—are no new phenomena in American industrial relations. But the communist and left-wing unions of the present day loom more formidable, because the party line they seek to serve via union policy ties in with an expanding imperialistic movement dominated by a powerful communist state. Repeated observations have now made widely familiar the fluctuations of the party line with the changing issues of foreign relations stemming from the Kremlin throughout the defense period, the war, and the postwar years. Beyond any short-term changes in the bargaining program, accordingly, the ideological structure constitutes the most undeviating and ineradicable conflict pattern in present-day industrial relations. For the party-line leaders accept neither the system of free collective bargaining nor the American democracy of which it is part.

The structure of conflict. The conflict structure that arises from the determination of a management to refuse to deal with a particular union dominated industrial relations before 1933. Today it has become a secondary pattern in collective bargaining. Nevertheless, employers still remain who hold onto the earlier determination to bar unions by all means at their disposal.

Whenever the union receives a majority mandate from the employees to whom it is appealing, the employer must embark upon joint dealings and

collective relationships. Under a conflict structure, however, such an employer usually never really accepts the union. In contrast to containment, he does not yield to the union even a narrow, restricted scope until he literally has to; and he looks for the first opportunity to get rid of the intruder. His acceptance of joint dealings is an "imposed acceptance," imposed by law and by union power.

The structure of power-bargaining. Power-bargaining continues an old-style pattern of conflict with roots extending far back in industrial history. But unlike the basic conflict patterns stemming from nonacceptance of the bargaining institution as such, the parties to power-bargaining generally accept not only one another, but also the unqualified logic of the market place. Indeed, the outstanding representatives of power-bargaining among the unions are often conservatives, even in their politics, with little interest in idealistic "trimmings" that might "dress up" their hard-boiled willingness to exact by every pressure within their power the last ounce of advantage that economic conditions at any given time make possible.

Indeed, throughout the joint dealings the frank manipulation of relative power dominates relations. Whatever the background development behind any specific structure of power-bargaining, strong and securely established unions face strong, and often associated, employers. The implications of strength and relatively balanced power are faced; each side "accepts" the other as sovereign spokesman for its side. And they accept each other as practical men and economic realists. Thus, when market conditions favor one side, as they did during the past decade while the unions were gaining such marked accretions of strength, the other attempts the best possible holding operations; and vice versa.

The structure of deal-bargaining. Deal-bargaining undoubtedly requires a high degree of cooperation and mutual understanding between the management and the union leaders who engage in it. By the very nature of the deal, it is a device limited to top leadership. This is at once the source of its strength and its weakness. Belonging to the secret diplomacy of bargaining, it naturally does not reveal itself explicitly in the records. Yet all familiar with concrete experiences can testify to the wide prevalence of the deal—in negotiation, in grievance settlement, in arbitration, in rate setting, in strike settlements, and in other joint activities. Indeed, deal-bargaining represents a rooted American habit: we have always enjoyed making "good deals." In case study, indices of its existence must be sought between the lines of the record or in the recurrent troubles in the ranks: the misunderstandings and wildcat strikes that must be faced by the leaders who have failed to communicate adequately to the ranks the reasons for and the results of their "deal."

The structure of collusion. When deal-bargaining shades into collusion, the resulting "cooperation" generates problems that extend beyond the specific structure of relationship to affect adversely the legitimate interests of other employers, other workers, and the consuming public. For the collusive parties to collective bargaining connive to control their market, supplies, or

prices, or to engage in practices of mutual interest to serve their exclusive advantage. They cooperate, but through a form of jointly established monopoly which is frankly unconcerned with every legitimate interest except their own. The courts have already declared certain types of these collusive deals illegal; and the watchfulness of competitors, rival unions, and public representatives no doubt will continue to curb these questionable deals.[1]

It must be recognized, of course, that American experience with such collusive relationships has been accumulated in small-scale industry. The potentialities of collusion between big unions and giant corporations loom far more formidable; but so far there is little evidence of such developments. If the cases contain no clear-cut instances of collusion, the student may be interested in watching for the conditions that seem favorable to its possible appearance or those that completely discourage its emergence in American labor relations.

The structure of accommodation. The structure of accommodation has many likenesses, as would be anticipated, to the structure of cooperation. Accommodation may be differentiated from cooperation in joint dealings by two broad tests: (1) the scope of mutuality; and (2) the intangibles of underlying spirit.

By and large, managements and unions who deal together within relationships of accommodation tend to confine their cooperative approaches to what may be termed the traditional agenda of collective bargaining. They still concentrate practice and procedure upon establishing wages, hours, conditions of employment, and then, upon administering the jointly established standards. Although not unduly alarmist about the potential of every demand for encroaching upon managerial prerogatives or of every counterdemand for affecting shop rights, the parties to accommodative bargaining do maintain alert watchfulness upon these ramparts of principle, these orbits of respective equities and privileges.

But within these bounds the leaders, the ranks, and the organizations linked by relationships of accommodation interact within comfortably "customary," familiar patterns of behavior. They have evolved their routines of recognizing functions and settling differences. They have learned how to adjust one to another in daily affairs, to accept the reduction of conflict as an accomplishment without demanding its total elimination. They have proved themselves willing to compromise whenever possible, to conciliate whenever necessary, and to tolerate at all times.

The structure of cooperation. This structure is characterized by the fact that the parties extend mutual concerns beyond the familiar matters of wages, hours, and conditions. They also recognize productive efficiency, the solvency of business, elimination of waste, advance of technology, and so on, as components in their common interest. The union accepts managerial problems as being of concern to labor; management recognizes its stake in stable,

[1] The best known court decisions, *United States v. Brims*, 272 U.S. 549 (1926), and *Allen Bradley Co. v. Local Union No. 3, I.B.E.W.*, 325 U.S. 797 (1945), show the persistence of the underlying problem in the almost two decades that separate the two cases.

effective unionism; together they dispose of problems as they arise. Differences are recognized elements of cooperative dealings, whether at the negotiating table or the grievance meeting. Similarly, mutual acceptance carries over to active subscription, on the part of the union, to the right and the need of business profits, and on the part of the company, to the right and the need of union intervention.[1]

These eight structures, overlapping as they are, blurred though the boundaries between them may be, nonetheless suggest the variety of present-day industrial relations in individual plants and industries. Each instructor or student may think of further structures or may modify these tentative classifications. Moreover, "local" relations do not necessarily parallel those that transcend the shop. Instead, one often uncovers dealings at the work level proceeding from day to day within a structure of easy, accommodative relationships, though top-level bargaining is tough and wary; or a highly militant local relationship may be watched anxiously by top leaders who deal together in a structure of accommodation or even cooperation. The combinations and permutations are many and varied; they emphasize the diversities amid uniform trends of development that constitute the realities of present-day bargaining. Once again, the content of bargaining experience is to be probed, not by abstracting this concrete element or that, but by viewing them all in terms of the "interrelatedness of everything" entering into the human behavior that we label "industrial relations."

Recommending a Program of Effective Action. Just as each situation in this case book gives the student the opportunity of exploring labor relations in operation, so also it places him in a situation which he must not only evaluate but within which he also must act effectively to further continuing objectives. The decision maker seeks the kind of understanding of a problem that facilitates responsible action. In like manner, as each new problem situation is presented, the student faces the responsibility of deciding what he himself, not as a student but rather as an individual in the specific situation, would do. Obviously, from the many facts of any one case, each student will draw his own documented interpretation of its "true nature" and, hence, his own individual plan for dealing with it. But in planning effective action, all students face common questions that each must answer.

For instance: What are the possible alternatives to resolve the situation which are feasible within the formal provisions of the agreement or the institutional considerations of the contract negotiation? Is the recommended program of action a specific one applicable to the concrete situation described in the case? Are the recommendations acceptable to the top leaders of both union and management? to foremen and shop stewards? to rank-and-file union members? Does the proposed action fulfill the institutional needs of the company and the union? Does the solution engender further problems; and, if so, have all the consequences been adequately

[1] For further description of these structures, see Benjamin M. Selekman, "Varieties of Labor Relations," *Harvard Business Review*, Vol. XXVII, No. 2, March, 1949, pp. 175–199.

weighed and prepared for? Is the handling of the specified problem integrated into the underlying internal *and* institutional relationships currently existing between the management and the union? Is the plan of action keyed to the objectives of either side, or both, in shaping the continuing relationships? Are provisions incorporated into the plan that will assure adequate follow-up after it is instituted? Is the program sufficiently flexible to allow for future changes if the need for them arises? Has adequate consideration been given the proper timing of the initiation of the program? Does it encompass a reasonable sequence among its various steps? Who, in terms of the existing social structure, are the most effective individuals and groups to assume responsibility for carrying out the resolution of the problem?

Not all these questions, of course, will need facing in every case, though action in industrial relations should never be a one-dimensional answer by formula to a problem "reduced" to headlining identifications by labels. Even less should it be an emotionalized response to anger, however justified, or to indignation, however valid. For after each problem has been handled, men must continue to live with collective bargaining; and every past action leaves its impress upon continuously evolving relationships. That is why the student does well to keep always in mind the sheer range of test questions to which recommended action may fairly be subjected. That is also why evaluation of the situation always precedes action; and action is related, not only to the problem to be acted upon, but also to the relationships underlying both.

At any rate, clue questions such as these for action in case situations should, at the least, suggest the far-ranging reach of industrial policy and behavior encompassed in present-day labor relations. In much the same way, the questions appended to each case attempt nothing more than to suggest helpful clues for uncovering the problem and its requirements in action. The fundamental aim remains always to stimulate the thinking that leads a student to make administrative decisions *for himself*—and in situations drawn from the *real* world of industrial relations. Thus he may *experience* in the classroom the realities of collective bargaining in operation.

Other case books may profitably concentrate upon labor law, both federal and state, or upon economic aspects, or upon collective bargaining as a system of jurisprudence. In this book we have concentrated upon the daily "job-mix" by which union men and management representatives *adapt* to legal regulation, to economic factors, as well as to their institutional and individual needs. We have, to repeat, emphasized the approaches that reveal collective bargaining as adaptive human behavior—as people dealing with job problems by organized procedures in a context of ever-evolving institutionalized relationships. Our emphasis in turn calls for relatively long cases, giving as much of the situation as possible through the words and acts of the participants. Accordingly, our book relies generally upon an intensive exploration of revealing experiences, upon the savor of the "whole story," rather than upon abstractions of type situations from their unique context of human interaction.

The instructor no doubt will supplement these case discussions, as we ourselves do, with reference to the anatomical deposits of this incessant interacting—to agreements, grievance forms, arbitration decisions, and so forth. Field assignments are always a vivid experience; and to round out the case method, an occasional lecture is called for to generalize the case findings as well as to integrate them into the historic background and current developments in labor relations.

PART I. INTERNAL RELATIONS: PROBLEMS IN THE SHOP

SECTION 1. TRANSITION IN LABOR RELATIONS: A SOCIAL CHANGE

JOSEPH TODD COMPANY

A NEW AGREEMENT IN A RETAIL CHAIN

The Joseph Todd Company [1] operated a chain of retail stores in Cleveland under a three-year contract with the Amalgamated Association of Mercantile Employees. Excerpts from an arbitration held to deal with a dispute over the discharge of William Lee Fisher, a salesman, follow:

Present for the Company	*Present for the Union*
Philip Bartlett, President	Frank Marvin, District Director of the Amalgamated Association of Mercantile Employees
George Bartlett, Vice President in Charge of Labor Relations	Anthony Corelli, Regional Staff Member of Union under Mr. Marvin
Daniel Tarr, Assistant to George Bartlett	William Lee Fisher, Discharged Salesman
Harry Poole, Manager of the Lincoln Store	
Charles Matthews, Attorney	

Arbitrator: I take it the union will present its case first, since it appealed the grievance to arbitration.

Matthews (m)[2] |breaking in|: The Joseph Todd Company operates a number of stores in this city, including the Lincoln store, the Cartwright store, and the Culver store. Three years ago the company employed William Fisher, placing him in the Lincoln store. But his record there proved so unsatisfactory that in February of the following year he was transferred to the Culver store. During his employment there from February to June, the manager filed constant complaints about him. In June, he was transferred to the Cartwright store; but several months later the company had to transfer him once more—this time back to the Lincoln store.

About two months ago, in April, he informed Mr. Poole, the Lincoln manager, that some difficulty had arisen between the employees and the company at the company's store in Allerton, some 60 miles distant, and he pro-

[1] In most of the cases in this volume all names of persons, places, unions, and companies are disguised.

[2] The letter (u) or (m) after a name designates the speaker as a representative of union or management, as the case may be.

posed to go there to straighten it out. The company has been dealing in these matters with Sullivan, the union's business agent. Accordingly, Mr. Philip Bartlett, to whom Fisher's request was referred by phone for decision, forbade him to leave the store. Nevertheless, he went to Allerton. The following morning, after quite a rumpus, the company agreed to give Fisher another chance.

On May 10th, a dispute arose in the Lincoln store over the discharge of a salesman. Fisher immediately rushed in and announced to Mr. Poole that he was going to the company's main office, located on Colby Square, to discuss the matter. Though Mr. Poole told him definitely not to leave, he walked out. When he returned, he was informed that he was through. Thus the sole issue, as we see it, revolves around this question: against such a background, did the company have the right to discharge Fisher or not?

The man has been a consistent troublemaker, souring the atmosphere of every store in which he worked. Indeed, since he has been out, we find morale in the Lincoln store measurably improved. Moreover, his work record has been consistently below average. To this you must add deliberate insubordination. This is not the first time Fisher has coolly disobeyed unmistakable orders.

The company was reluctant after the Allerton incident to take him back. But to be fair and cooperative, the company finally agreed when the union pleaded. However, it was a last chance, and now the company says the chapter is closed. There is nothing in our contract that requires us to keep a man indefinitely. On the contrary, we have the clear right to discharge any employee for violating instructions.

The union, in turn, has the right to apply for arbitration, within seven days. In Fisher's case, some time after the expiration of the seven-day limit, the union asked the company if it could defer arbitration, and—again we tried to be more than fair—the request was granted.

And that, in essence, is the issue in dispute. The company has discharged a man who for more than two years has been a chronic troublemaker, affected adversely store morale, failed to achieve even an average sales record, and has twice been guilty of undeniable insubordination. The company feels that it has the right not to give Fisher still another chance. We don't want apologies, promises, or explanations. We simply want to use our clear right of discharge in an unarguable case.

Marvin (u): The union cannot agree that this recital gives the whole story. We feel it highly important not to judge by single incidents, but in terms of the entire situation. For two years prior to the signing of our present contract just last month, we had difficulties with the company. We had two strikes, and Fisher was active on the picket line each time.

We were, of course, highly gratified when both sides arrived at an amicable agreement. It is a union shop agreement and stabilizes relations between us after considerable conflict and disturbance. During the whole period, Fisher has been a very militant union member. This current contract was concluded between the company and the international headquarters of the union.

Dealing directly with national officials gives the company a substantial security in joint dealings. Of course, Local 137 still possesses real rights.

Now, in dealing with Fisher's discharge, the union feels that the strikes which took place before we reached this present stage, and Fisher's part in them, should enter into consideration. The company has long given evidence of bitter feelings against Mr. Fisher. But the new contract specifically states that the company and union should make an earnest attempt to settle all disputes. The company did not make an earnest effort to settle this dispute. They allowed their resentment of the past to influence their judgment about Mr. Fisher.

We also feel that the incident which gave rise to Fisher's discharge, the discharge on May 10th of a salesman named Kendrick, fell within the duties of Mr. Fisher as shop steward. What you really had was a difference of opinion between Mr. Poole and Mr. Fisher as to the proper duties of the shop steward. Mr. Fisher had the right to question Mr. Poole's judgment in dealing with the agreement. It was Fisher's duty to take up Kendrick's case and seek his reinstatement. In fact, he was told the night before by the proper union representative to handle the case. Kendrick has been put back. Unfortunately, when we came together to straighten Fisher's case out, remarks were made to intimidate Fisher and to arouse his emotions.

We want to make it clear that we want to maintain a friendly attitude. We have no desire to antagonize; we want no bitter feelings. But if we can convince the company, much more so than the arbitrator, that this trouble about Fisher has been a matter of antagonism, we feel this arbitration will be worthwhile. In fact, it would be better if we could conciliate this difference, much better.

Philip Bartlett (m): I would like to say a few words for I have to leave. To begin with, my brother [Mr. George Bartlett] does not work for peanuts. He gets a good salary, and the time he spends on labor cases such as this costs the firm hard cash. We had several conferences in regard to this controversy, and made an earnest endeavor to settle it. Marvin begged, pleaded, promised, did everything in his power to have me out of the goodness of my heart take the fellow back, urging upon me that the fellow had a wife and family, there was sickness in the family, etc. But the fellow had no right to do what he did. We have a large business. We cannot be annoyed by malcontents.

Mr. Marvin says we are prejudiced. Yet we called Marvin in and said we wanted to do business with the union. We proposed giving them the union shop they wanted if we could deal directly with the national union office. Does this seem like prejudice?

As a result of Mr. Fisher's discharge, our setup has improved. I am happy to tell Mr. Marvin that I see a very great favorable change. Our stores had been showing a drop in sales, due mainly to personnel difficulties. We just can't employ this type of chap. We haven't singled out Fisher. In fact, when I first spoke with Fisher when he walked out in April, to be fair I said, "If I were you, I wouldn't go to Allerton." I didn't say, "You

shouldn't go," but I came down to his level and I said, "Don't go to Allerton." The next day, when my brother decided he should be discharged, I said, "Give him another chance."

On the second occasion on May 10th, my brother was out of town. They called me. Fisher had left the store for a cup of coffee. Yet he told the manager he wanted to go to the main office and the manager told him he had no right to leave. He didn't come near the office. Subsequently, the union brought to my attention the fact that it was Fisher's half-day off. But he had taken his half-day off before to take his wife to the doctor.

They tried for weeks and weeks not to come to this arbitration. Marvin begged not to come to arbitration. But we don't want to take him back unless we have to. I insist he is a disorganizer and a demoralizer. We have a three-year contract. We have accepted the union. Certainly that's no issue. Now what prejudices do I have against this boy? We still have fellows who did more harm, and we accept them. They have no real case. This arbitration is pure facesaving—to save their faces in the eyes of the local. That's all it is.

Arbitrator [to George Bartlett]: You knew, didn't you, that Mr. Fisher was a shop steward?

George Bartlett (m): Our new contract that we just signed in May is not with the local. There is absolutely no provision—not one word—in the contract for the local or for shop stewards. Prior to this contract, we had another contract—our first—and under it grievances were coming up continuously. The stewards looked for grievances, and they took a great deal of my time.

We deliberately made this contract with union headquarters in New York because it was more substantial. The only representative I am to recognize under the new contract is Mr. Marvin who represents national headquarters. As for shop stewards, they changed almost weekly. I couldn't say whether I knew Fisher was a shop steward. We had so many.

Matthews (m): I would like to know just what provision of the agreement the union charges us with violating. The union has the conventional setup of a business agent. The business agent before our present union-shop contract was Mr. Sullivan, and he was in the stores every day. Under that first contract disputes were always taken up with the business agent or Mr. Marvin. For practical reasons, the company designates one officer to handle these disputes, Mr. George Bartlett.

A shop steward is nothing but a dues collector. That a steward in one store has a right to go to Allerton to straighten out troubles is simply poppycock. Fisher was a store employee. A business agent is not an employee. He gives all his time to union duties. It is his recognized function to take up grievances. As for Fisher, or any other store employee, we must use every man for sales or stock purposes. Before we start taking evidence, I want to know from the union what contract provision we violated.

Marvin (u): We are not saying much about violating the contract. After all, this contract hadn't been given a chance to work one week when Fisher

was discharged. Mr. Bartlett said his stores are in better condition today. This contract had a lot to do with that improvement. Before, they used to be half union and half nonunion. Therefore, it took a lot of nerve and guts in these stores to uphold the union. These boys like Fisher were the leaders.

The thing hasn't really been given a chance to work yet. Probably the store leaders of the union made some blunders. People new in unionism sometimes let the idea of power go to their heads. I also blame the union officers that gave Fisher instructions to handle Kendrick's case. Fisher went to meet Mr. Sullivan in a restaurant, not to have a cup of coffee, but to report to him as business agent. If Mr. Sullivan did not send him back, I don't blame Fisher. I heard no complaint about his salesmanship before this hearing. To me, it seems just a question of misunderstanding.

Philip Bartlett (m): It has cost the company $150,000 in the last few years.

Marvin (u): We work in different ways and get used to each other. Fisher is a strong union member—a shop steward. He is also a vice president of the local union. When a fellow first becomes an officer, he feels important.

But he didn't do anything to hurt the concern intentionally. I say he was instructed wrong. We admit he had no business to go to Allerton, but he was instructed to try to put Kendrick back—to reinstate a man discharged in his own store.

Arbitrator: Who is Kendrick?

George Bartlett (m): Kendrick is a clean-cut, fine chap. He has worked for us many years. He was not a union man. Without question, he was coerced and intimidated when the unionization campaign began, and after the second strike he joined the union. He became very insubordinate, although for years he had been an excellent salesman. During one of these altercations he was told to go to the main office. The manager always tells the men to go there before they are discharged. Managers do not themselves have the power of discharge. Mr. Kendrick came to the office and we took him back because we found out that he was ill. He himself suggested that he take a few days off to rest up and become himself again. Fisher was fighting Kendrick's case.

Arbitrator [to Mr. Matthews]: Let us waive technicalities for the moment and proceed with the case. After all, you have asked me to hear it.

Corelli (u): Isn't there a real point in the fact that if Mr. Fisher did wrong, he did it under instructions of superior union officers? My honest conviction is that Fisher was not guilty of conscious insubordination. Seeking to reinstate a fellow worker in his line of duty, Fisher simply stepped out to meet the business agent. Another thing—when Kendrick was fired, the union said they expected it—that Kane and Howells were to be let go too. All three had been strong union men from the start.

Arbitrator: As I make it out, the union is trying to frame the issue upon the fact that Mr. Fisher is a novice in union dealings and therefore would make mistakes.

Philip Bartlett (m): Why should we train their novices?

Corelli (u): Fisher isn't exactly a novice; he's a rank and file leader in a young union. But the purpose of this arbitration is not to create disharmony. Maybe the matter can be conciliated. Wouldn't that give us a better chance to create the harmony we all want without stirring up antagonism, without having one side win and the other lose?

Marvin (u): We are anxious to eliminate the feeling on the part of the people that there is prejudice. Our men believe Fisher is a good fighter in their cause. He has quite a following. The men are very worked up about his discharge; they are watching this case. But I am sure we can straighten this thing out. We don't want to go back to our men and say we beat the big Joseph Todd Company in an arbitration. We would rather say: "See how harmoniously everything is going; the company has very graciously shown a big spirit."

Philip Bartlett (m) [to Fisher]: Fisher, you know my position in the company. Have you ever borrowed money from me?

Fisher (u): Yes, you once lent me $200 when I had large medical bills.

Philip Bartlett (m): You spoke to me when the Allerton case arose. From my conversation, what inference did you draw about going to Allerton?

Fisher (u): You said that if I went to Allerton, I didn't go as your representative.

George Bartlett (m): Didn't I tell you I was going to overlook it because your union was new, but if it happened again you would be discharged?

Philip Bartlett (m): On the day Kendrick was discharged you went out. You weren't taking your half-day off.

Fisher (u): I walked out at 9:15 to meet Sullivan. He said we should go back to the store, but he hadn't had breakfast and wanted a cup of coffee.

Philip Bartlett (m) [to Mr. Poole]: Didn't you warn him not to go?

Poole (m): Yes, I told him you had given orders no one was to leave the store.

Fisher (u): Sullivan and I came back to the store ten minutes after I left. Mr. Poole told me I was to go to the main office.

Poole (m): I said you could not report back to work.

Arbitrator: Does the store open at 9 o'clock?

Fisher (u): I was talking with Mr. Poole between 9 and 9:15. I told him I was given instructions by Frank Marvin to take Kendrick up to the office with Sullivan and talk over his case with anybody in charge of the office. Mr. George Bartlett was not in town. Then when I was told I could not come back to work, our business agent at that time, Mr. Sullivan, phoned Mr. Hillyer, the district manager of Todd, and asked if he could see him. He told us to come right up. No time was wasted on fooling, such as Mr. Bartlett seems to bring out. Any time I wanted a cup of coffee I asked the manager and I was allowed to go out. I'm not dumb enough to jeopardize my job for a cup of coffee.

Philip Bartlett (m): This is nauseating—I'm leaving. [He leaves in anger.]

Fisher (u): I spoke to Mr. Hillyer about the matter, but he didn't want to do anything about it.

Arbitrator: Mr. Marvin, did you instruct this man to go to the office?

Marvin (u): I instructed him the night before. I said, "I can't make the Kendrick conference tomorrow. Why don't you go with Sullivan and if you have any difficulty, I'll step in."

Matthews (m): Do you say it's right for a shop steward to take care of these matters?

Arbitrator: What sort of record has Fisher as a salesman?

George Bartlett (m): When he first worked at our Lincoln store, no month went by without a complaint from the manager. He had low production, was tough to handle, showed sloppiness in his work. He always had an answer; he just could not accept criticism.

After his transfer, he was low man in the Culver store every single week. In spite of that he was put on the regular staff a year after he was hired. Isn't that evidence of no prejudice?

Marvin (u): There is a question whether a shop steward has a right to stop work or not in the performance of union duties.

Corelli (u): A shop steward has a right to take up a dispute until a business agent can get there. Sometimes he can save a lot of trouble.

Matthews (m): Mr. Marvin says he talked to Fisher about Kendrick's case. They know where their business agent is. Was there any emergency? Why didn't he talk with Mr. Sullivan? There were stock requirements—there were customers. Why is it necessary for this man to walk out on union business? This is old stuff. What shop stewards do has nothing to do with us. Salesmen cannot be permitted to do this sort of thing.

George Bartlett (m): Some time ago we discharged a man named Lederer. Mr. Marvin said we were right, but "It will create a lot of bad feeling if you fire him. I'll straighten him out." The union and Lederer wrote me letters waiving all future rights to bring the case to arbitration. We took him back on probation. That man has been working under that arrangement for eight months.

Arbitrator: I take it, that you union men would like to do the same for Mr. Fisher.

George Bartlett (m): Fisher was fired once, then taken back. We are basing the discharge on the fact that this man twice flagrantly disobeyed instructions. As long as Fisher sets such an example in the store, he ruins employee morale.

Corelli (u): If it is a question of improving morale, we don't want to use this boy as the guinea pig. By discharging Bill Fisher, you will create hard feeling in the store. The employees have great respect for Fisher because he fought so hard for them during the strikes. They consider him as having made great sacrifices to organize the union for them. If he is not taken back, I tell you there will be hell to pay. The officers won't be able to hold the men down. I told you I didn't want it to go to arbitration.

Marvin (u): I tell you the employees think a lot of Fisher, and you will

find a real good effect on morale if you show bigness and put him back to work. Everyone will feel better.

Matthews (m): We were told by the president of the national union that Marvin could be relied upon. If they made a mistake and got into this kind of situation, then let them place Fisher with some other company.

George Bartlett (m): Kane and Howells are similar cases. We told you fellows that unless you straightened them out, they would go too.

Corelli (u): The statement was made before the present contract was signed.

Matthews (m): After going through that strike last fall and seeing what some of your members did and said on the picket line, if I had my way all three would have been fired immediately. It shows a very considerate attitude for the company to keep these men.

Arbitrator [to Poole]: Will you tell me what happened?

Poole (m): Fisher has been under my supervision for two years. After he came back from Allerton and was admonished, he was on his guard. He wasn't looking for any trouble. When the Kendrick matter came up, I particularly stressed the fact that he didn't have to leave the store. He could have phoned Mr. Sullivan.

George Bartlett (m) [to Poole]: At the time of the Allerton incident you were standing beside Fisher when he spoke to my brother?

Poole (m): I said to Fisher, "Have you Mr. Bartlett's permission to leave?" He said he had. I didn't call back to verify it.

Arbitrator [to Fisher]: Just why did you take it on yourself to go to Allerton?

Fisher (u): I received a call from the men in Allerton at the time; they said they were going out on strike.

Arbitrator: Why did you receive such a call from Allerton? Why not the union officers?

Fisher (u): I used to live in Allerton. I knew all those boys. When a man told me they were going to strike, I thought he knew what he was talking about. I knew that if they did go out on strike that eight men would not go back to work. I couldn't get in touch with Sullivan or Marvin. I told Mr. Philip Bartlett what had transpired. He said—these are exactly the words he used: "To hell with them. If the eight walk out, they won't be put back to work." He said to me, "Fisher, if you do go to Allerton, you don't go as my representative." I said that I was only going to see that no men walk off the job.

I knew these boys. I didn't want them to lose their jobs. I thought I was doing the company a good turn. Was I really so guilty? The company gained. I persuaded those men not to walk out.

Matthews (m): It's apparent Fisher is imbued with the idea that a job is a necessary evil only as long as it doesn't interfere with his desire to do as he wants.

Fisher (u): From the inferences of Mr. Bartlett and Mr. Matthews, I was something very chronic in their stores. But Mr. Poole will agree that since

I came back I never once had words with him. Time and time again, I straightened out a man, Mallinson. I was the only man who could talk with him.

Mr. Poole asked me before Columbus Day if I would have the men come in before time and he knew I could refuse him. The fellows weren't "hepped up" about it, but I pleaded and got practically every one to come in before one o'clock. On another holiday the same thing happened. Then there was a case where Mr. Poole had asked me to get the men to work after six on stock and I did. Is that being detrimental?

Poole (m): How about the times I didn't fire men who were hard to handle?

Fisher (u): I was proving that I wasn't a detriment. I'll admit my selling wasn't exactly a high standard at first. But after I was put in a different store and learned how to take on more customers, my sales greatly improved. Then I asked to go back to my first store. I was unhappy in the other store. I had lost eighteen pounds running upstairs—that was after the strike.

George Bartlett (m): He asked me as a personal favor to transfer him back. I was so "prejudiced" against him that I granted his request.

Arbitrator [to Fisher]: There was some mention of your taking your wife to the doctor on your half-day off, and getting a loan.

Corelli (u) [interrupting]: His wife is ill. One of his boys was also.

Fisher (u): A year ago I thought I would lose my boy. Now my wife is laid up; she needs an operation. But I don't want to bring her into this.

George Bartlett (m): Did you ask for a loan again recently?

Fisher (u): I asked Philip Bartlett for a loan and he said, "I'm not telling you 'no,' Fisher; I'll see." I thought if he meant to tell me no, he would not keep me waiting. I told him I wanted the money for my wife's operation.

George Bartlett (m): You got a loan last year from the loan fund. But didn't these last incidents occur after he refused you another loan?

Matthews (m): We were afraid that Fisher's family difficulties would be dragged in as appeals to sentiment and pity. When I was attorney general trying criminal cases, the defendant would usually claim he had trouble at home. But I always used to argue, "Why didn't this man think of his family before he committed his crime?"

Fisher (u) [to George Bartlett]: The statement was made to me that you yourself said you were lending other salesmen money, but how could you have any real feeling for picketers?

George Bartlett (m): Six men have had loans since that strike.

[The hearing was adjourned but the arbitrator asked Messrs. George Bartlett, Matthews, Marvin, and Corelli to remain for an informal conference.]

Informal Conference

As the arbitrator canvassed the possibility of arriving at a mediated settlement, the following supplemental evidence was presented:

Corelli (u): The manager has been sore at Fisher. He made statements that he was going to get him. And Sullivan, too, tried to get Fisher out of a

job. All the men know that for two years Sullivan said he was going to get Fisher.

George Bartlett (m): Sullivan fought for those men. Sullivan stood up for the stores too, and protected their interests.

Matthews (m): The Joseph Todd Company made its first contract covering stores in this city two years ago as the result of a strike. That contract covered four stores. It was extended to two other stores that were later added. That contract expired a year ago. There was another strike. They wanted a union shop.

George Bartlett (m): We rejected the demand for a union shop because the union was not substantial—the local officers didn't control their members.

Matthews (m): Then a month ago a new contract was signed granting the union shop in return for restricting all our dealings to national union representatives. So for all practical purposes we have been working with this union for over two years.

George Bartlett (m): In 41 of our stores we have contracts with this union and no disagreements whatever. We have had to go to arbitration only in Cleveland.

Marvin (u): I would like to clarify the question of company morale. It doesn't make any difference what the company thinks about Jim Sullivan, but it makes a difference what the union thinks about a business agent. Jim Sullivan was removed from office as business agent because everybody in the union believed he was out to get Fisher. He was found guilty on no less than six charges.

Now if Fisher is discharged, every single employee of the Joseph Todd Company will feel that Jim Sullivan got Fisher. What does the company think will happen with all the men thinking that? The whole city is watching this case. Our boys think the company always liked to work close with Sullivan. That's what they think, rightly or wrongly, and they just ousted Sullivan because he actually said he was out to get Fisher.

George Bartlett (m): Corelli and Marvin will agree that the union went to the salesmen's heads. What we went through was terrific. No one could have handled them. But now all but two or three have settled down. I am supposed to have 66 stores under my control; instead of that, I handle only six because they take all my time. But I haven't fired anyone without absolutely good cause.

Matthews (m): If these people claim that Fisher was fired because of union activities, let them prove it.

Marvin (u): I'd rather we work these things out quietly between us. But if the company is going to take an absolutely arbitrary stand, the union can make plenty of trouble too.

Corelli (u): This case will wreck the local union in the city. There is deep union feeling in this case. We have to preserve the union.

Marvin (u): The moment Fisher was fired there was a lot of feeling stirring. They were going out on strike, but I sent a bulletin to the stores telling the men to be loyal to the company and to the contract.

Discussion Questions

1. Analyze William Lee Fisher, as focal personality in this case, from the viewpoints of (1) how the company "sees" him; (2) how the union "sees" him; (3) how his fellow workers "see" him; (4) what you think seems the "real" Fisher.

2. How would you diagnose the Joseph Todd Company as a working community in terms of the changing structure of relationships that makes the context of this case?

3. How would you evaluate the handling of this whole situation (1) by the company (the different executives); (2) by the union (the various executives)?

4. How would you evaluate the process of communication in this case?

5. If you were the arbitrator, what would you do? Give your reasons for choosing the course of action you would take among the various possibilities you would consider.

ABBOT–PEABODY COMPANY

WILDCAT STRIKES AND A NEW AGREEMENT

Abbot-Peabody was a producer of quality cabinets with a custom trade and a long-established reputation for expert workmanship. One of its many skilled craftsmen, Charles Lane, was discharged after participating in a wildcat strike. The United Craftsmen of America disputed the company's decision regarding Lane and ultimately sought arbitration. Present at the hearing before the arbitrator, or impartial chairman, were the following:

For the Company	*For the Union*
Barton Kent, Plant Manager	Michael Westerly, Chairman of the District Council
	Christopher Moreland, Business Agent
	George Cooper, International Representative
	Charles Lane, Discharged Employee

Westerly (u): The workers at Abbot-Peabody are skilled craftsmen. Yet they were paid less than the prevailing wage in the city. The special-order department operated without a union until February of this year when the workers decided the only way to improve conditions was to join the union.

Lane came to our office to request that we organize Abbot-Peabody's special-order department. He has been cabinet-maker in that department for 11 years and never had any trouble. We assigned Christopher Moreland, a business agent, to organize the department. After a meeting, the workers signed cards designating our union as bargaining agent. Moreland than ap-

proached Mr. Kent. After some negotiation, the union was accepted and the workers were granted an increase of $2.40 per week, which brought them up to the market wage level.

Chairman: Which is what?

Westerly (u): $48.50 per week.

However, we did not succeed in obtaining a signed agreement then, and when Mr. Kent objected to Moreland's visiting the shop, we had our first controversy. That controversy over the right of access resulted in a stoppage. But it was immediately settled, with the understanding that an agreement would be negotiated to get everything down formally in writing.

In the meantime, I was negotiating an agreement covering all special-order departments in member companies of the Employers' Association. All special-order departments here are on a 40-hour week. Hence the standard market contract we negotiated with the Association provided: "The 40 hours per week shall be worked in 6 days of 6 hours and 40 minutes each."

Shortly afterward Business Agent Moreland approached Abbot-Peabody with a copy of this standard contract just negotiated with the Association of which Abbot-Peabody was not a member. In urging acceptance of its terms, he overlooked the fact that Abbot-Peabody employees for years had been working their 40 hours in 5½ days. Moreland never realized the seriousness of this issue, and how the change would affect these workers. They were accustomed, you see, to working 5½ days and taking Saturday afternoons off. For reasons best known to Mr. Kent, he notified his employees that *beginning September 1*, working hours would be divided equally into six days per week, thus ending Saturday afternoon off. There was a great deal of resentment to that change. Brother Moreland will go on from here.

Moreland (u): On the first Saturday in September, the entire group stopped working at 12:30, the same time they had stopped for years. The following Monday at 9:30 A.M., they all came to the union office. I told them to go right back to work—that I could do nothing unless they obeyed the contract on handling grievances.

That same morning Mr. Kent called me for three cabinet-makers, two jointers, and one moulder. I told him I had already sent the people back to work. He put them all back to work except one cabinet-maker. That was Harriman, not Lane. About 11:00 A.M. I went to Abbot-Peabody and found Harriman outside. He said he was fired, so I contacted Mr. Kent. He was very much upset. He told me Harriman was finished though he had worked there ten years. I called a meeting that night. I told them that according to our agreement they could not stay away from work as they had that morning.

Chairman: Had they all gone back that morning?

Moreland (u): Yes, and all were put back to work immediately except Harriman. At our evening meeting I explained the contract clause providing for arbitration of differences. Then I told them all to report back to work the next morning. Harriman was then put back to work, but Lane was fired. Mr. Kent phoned for a cabinet-maker saying that if I didn't send him one

within 48 hours, he would advertise in the papers. I asked him why. He had Lane, didn't he? He said, "This man is too radical to work for me." We claim Lane was discharged without cause.

Chairman: Mr. Kent, let us hear from you.

Kent (m): Let me give you some history. Although these employees were paid less than the established wage before they joined the union, they had many extra benefits. For instance, if they were out sick for several days, they got their pay. If they were out for more than a week, they got half pay. That was rather indefinite—in some cases, it ran up to a sick leave, or other leave of five or six months. They were also given the Saturday half holiday, while the rest of the market was on a 6-day week. During the summer, when we close on Saturday, they worked 35 and one-half hours a week but received 40 hours' pay. They were permitted to leave early and were dismissed on stormy days and hot afternoons. We also carried insurance for these people—and many other considerations were shown them. Our minimum wage for cabinet-makers was $40.10; elsewhere the minimum was $48.50.

They joined the union because they wanted more money. When they joined they spoke to me, and I said I would be glad to pay the established union wage, but they would then have to work under the same conditions which union employees throughout our market worked; that is, instead of being paid a weekly wage, they would go on an hourly wage. That was about all that was said. In my opinion, I thought the slight difference would hardly see them with any more money in their pockets. Moreland told me the minimum wage per cabinet-maker was $48.50, but because of the quality of our work, he asked that we pay $50.00. I finally agreed to that.

Now I didn't want Moreland to come into our shop because it was not then a union shop. We had three women who were not union members. They are not young—two are in their 60's—one has turned 70. Moreland has spoken to them of joining—and they were annoyed and disturbed. In addition, once when I was away from the shop, two other union men came with Moreland and tried to sell the union to our salesmen and office help. Now, it is against our policy, right or wrong, to let union officials come into the shop to organize. Therefore, I denied Moreland the privilege of coming to the shop—except to ask particularly for me.

When I denied Moreland the privilege of coming, the special-order department walked out, and that same day, Moreland called a strike of other workers to support that walkout. After they were out a couple of days, Moreland and I got together and I agreed that we would let him come if he let those three older women alone. I think that takes care of that point.

Now, we come to Mr. Lane.

Chairman: Before you get to that—I gather you now operate under a written agreement. Will you tell me about it?

Kent (m): I will be glad to. In July, Moreland told me that the Employers' Association was going to increase pay to $52.50 and that it was up to me to do the same thing, although this time he didn't suggest a quality differential. I got in touch with Mr. Anderson, Marshall Company's manager

and chairman of the employers' group in labor negotiations. He said, "Yes, the union has asked for $52.50 and our group has agreed to it." So I told Moreland that we would bring our minimum wage up to $52.50. At the same time, I asked him for a written agreement. Since we were now employing on the same terms as others, I said, we should have the same contract they had. He agreed and presented me with the standard contract. We signed it in August. We have lived up to that contract. It calls for a standard 40-hour week to be worked 6 hours and 40 minutes a day for 6 days. And that's the way we are working.

When our employees came to me and asked to continue Saturday afternoons off, I said that I did not see how I could. It would hardly seem fair to employees in other shops. Our men are all members of the same union; our shop now is a member of the Employers' Association. We are all paying the same money, and we should all be considered in the same light. Incidentally, these contract hours suited us better than our former arrangement. They give an evenly balanced day every day of the week. We know just what we have to do.

As I say, we have lived up to the contract. But unfortunately, our employees have not liked it. They have resented it very much. They protested about the hours. Then finally, on this particular Saturday, I went out to the workroom between twelve and one o'clock. They are usually at lunch then, but this day they were still working. "What's this?" I asked. "Aren't you taking any lunch hour today?"

"No," they said, "we are going to leave at twenty minutes of one."

I said, "You can't do that. You will be losing two hours' pay." Well, they seemed perfectly willing to lose two hours' pay. They were leaving at twenty to one! I was very much disturbed. I had counted on that full day's work. I said I was sore, and I probably sounded that way.

In any event, I said, "All right, if you want to lose pay, go ahead." But I said to Lane, "Here are orders that simply have to be finished today; they must be done for Monday morning." But he walked out and didn't touch them.

Monday morning they didn't come in. I called Moreland and told him our special-order department had walked out and that in accordance with our contract I was asking him to supply the workers I needed. I specified one cabinet-maker less than we had when they walked out.

He said, "How about sending back your own workers?"

I said, "That's fine. Can you get them here in 15 minutes?"

He said, "I will have to look them up. I can't do it in 15 minutes."

I understood him to say a moment ago that they were there in his office at 9:30 A.M.; that is not what he told me then. They came back at a quarter of eleven. When I asked them if they were going to work, they said they would start at eleven o'clock.

I went over to John Harriman and said, "I am afraid I will have to let you go."

Westerly (u): Why did you let Harriman go?

Chairman: Let him finish his own story first.

Kent (m): The next morning, Harriman came back. I said, "I told you yesterday I didn't need you. I still don't."

He just said, "All right." When Harriman walked out, Lane and two others also walked out, but the rest of them who had walked out before decided they didn't want to walk out again.

Then I called Moreland again and told him I needed a cabinet-maker and one jointer. In accordance with the contract, I have to give them 48 hours to supply someone; otherwise, I can go into the open market.

Shortly afterwards Mr. Anderson called me, more or less interceding, and we conversed about what had happened. Apparently, Mr. Westerly had talked to him, asking him to try his good offices.

Mr. Anderson said: "Why don't you change your hours back to your old schedule?"

I said, "I don't feel I should."

After a while he asked, "Why don't you take back these men?"

I replied, "I don't need the jointer, and I don't want the cabinet-maker."

He said, "Would you settle for one?"

And I said, "Well, all right, and if it doesn't make any difference, I'll take Harriman back."

I said then, and I repeat now, that I cannot take Lane back. He is discharged because he has been a troublemaker for a long, long time. We had great difficulty with him, even though we treated him most liberally. He is not a well man. He has been out sick a great deal; he has had other troubles which took him away from business. Before he belonged to the union, he was paid during such absences. Since that time, he has lost such pay.

He is very difficult to get along with; he has a temper; he is not cooperative. I feel Abbot-Peabody would benefit greatly without his services. I think the other employees are tickled to death that he isn't there. They all are working today and have been since he's been out—just as nice as you please, and they are all happy.

Mr. Westerly asked me why I let Harriman go. You see, we in cabinet manufacture must maintain quality, meet high costs, increased wages, and try to keep prices down. Consequently, to survive we must increase volume or get greater efficiency. In our custom trade increasing volume doesn't offer much hope. So we have to watch expenses. When things were on an "easy come, easy go" basis, when we were on a personal basis with our workers, and they got a little below the standard wage, there were many times we didn't need everyone. We kept them all just the same. Now we have to watch our step.

We have more efficient management. I have just put a new man in to supervise the special-order department. Our former supervisor is ill—has been for three weeks. It is doubtful if he will be able to come back, and I had to get another man. I now have a man who has more ability to manage. We talked over the situation and concluded that we could do the same work with one less man since the walkout, so we let Harriman go.

Westerly (u): According to one paragraph of our agreement, "The employer should not employ any regular employees covered by this agreement who are not members in good standing in the union."

Kent (m): That is right.

I have conscientiously kept a union shop. Three women did not join in the beginning. Mr. Moreland spoke to me about them. He said he would waive their initiation fee, but they weren't interested. When we signed the written agreement, I told them, "I'm sorry, but this has got to be a union shop. You've got to join the union if you want to stay."

They said, "All right." I gave them the cards and they signed them. I talked to Moreland about them again, and said, "These people can't give me $3 all at once." He said, "It isn't $3 now; it is $5." I said, "You told me $3, the same as the other people paid." He said, "It's been changed."

I still have their three signed cards and I have $3 from each one. He agreed to $3 and then changed to $5.

Westerly (u): No dues were paid for these members up to now?

Kent (m): You haven't asked me for their cards.

Westerly (u): You stated a while ago you asked exemption for these three in spite . . .

Kent (m): I didn't ask for exemption. I asked that they be taken in without initiation fee, because Moreland had offered to waive that.

Moreland (u): I never told Mr. Kent I would waive it. I told him the others who came in as a group each paid $3, and I didn't see why those women should not pay. Mr. Kent said he had the initiation fee for the women, and handed me $3, installments of $1 each. I said, "I cannot take $1 each, and besides they will have to pay $5 because we changed the fee."

Westerly (u): In the meantime, you tolerated those women working without paying the union fees?

Moreland (u): I did.

Westerly (u): You didn't enforce the contract on this matter?

Moreland (u): No, I overlooked it.

Westerly (u): Now to the matter of the hours. [To Mr. Moreland.] Mr. Kent didn't request during negotiations that the 40 hours should be worked in 6 days instead of 5½ days? That was simply overlooked on your part?

Moreland (u): Correct.

Westerly (u): Right after the stoppage, I received a call about it from Mr. Kent. We discussed the situation and I told him the whole trouble arose from a misunderstanding on hours. If the schedule could be brought back to 5½ days—which the shop was accustomed to—that would be the end of our dispute. Mr. Kent took the attitude that he would gladly concede the hours. I told him that since the hours were settled, all the people would go back to work. Mr. Kent said they were all discharged—"since they walked out of my shop last Saturday, they are no longer considered employed."

As you know, such an attitude on the part of management generally throws a picket line about the shop. I realized that Mr. Kent did not have much ex-

perience with the union, nor did our people there have much experience with our union. I phoned Richard Anderson, chairman of the Employers' Association, to ask if he would intervene. Mr. Anderson contacted Mr. Kent who said he would take everyone back but Lane. Well, I didn't want any dispute. I sent the workers back and told Mr. Kent that we would arbitrate Lane's case.

That evening, the men came to my office and said when they got back to the shop, Mr. Kent claimed that the hours would remain on the 6-day schedule. I immediately contacted Mr. Kent who insisted we had not reached any understanding about hours. I thought we had. But Mr. Kent said, "If you will drop the arbitration regarding Lane, I may consider the reinstatement of the 5½ day schedule."

You can see that the attitude of the employer in discharging Harriman first, then discharging the whole group, and then finally penalizing Lane all arose from the misunderstanding about hours. These people were accustomed for years to work 5½ days. We educate our members to observe their contract, but education takes time.

Lane has been the victim because he was instrumental in helping to organize the special-order department. Remember that Lane has worked for the firm eleven years. He must have been a faithful employee; he never had any dispute with the firm until he joined the union. Now, as a result of that two-hour stoppage, he is fired. We insist he should be reinstated with wages lost since his discharge.

Chairman: Mr. Kent, do you want to make any further comments?

Kent (m): We have a club called the "Quarter Century Club." It has about 75 members. I am a member myself. Clearly we don't discharge employees unless we have cause. Our company is 103 years old, and we are proud of our record with both employees and customers. I wouldn't have discharged Mr. Lane if I didn't honestly believe I was justified in doing so.

Mr. Westerly said they are educating these people. They have been members of the union since February, and since then I have taken quite a beating. There has been dissension and loud talk about the hours. It doesn't help work any. Until Mr. Westerly mentioned it, I did not know that Lane got the people to join the union. It wouldn't have made any difference. I hold no animosity towards our employees because they are union members—not a bit.

Chairman: On the hours of work, have you anything further to say on that issue?

Kent (m): When Mr. Westerly and I talked that over, I said I would change the hours but that I expected the consideration and treatment I was entitled to under the contract. Their contract calls for 6 hours and 40 minutes per day, and Lane walked out on me in spite of the fact he was told not to go. Mr. Westerly says Lane has never had any trouble before. He has had trouble with his fellow employees—lots of trouble. I ask you to take my word for it.

I don't know anything else I can say. I do not think that these men who

have been in the union for six months should have done what they did. They have been in long enough to know what the contract requires. I believe the union has been negligent. I don't think the union has dealt fairly with us. I see no reason why I should make concessions to them, since this is a contract identical for all shops in this area, and we are now paying the union wage.

Cooper (u): I have seen Mr. Kent twice about this dispute. I feel that there's no reason why he and the union can't learn to work together. It's not unusual to have troubles of this kind under a new agreement. We tried to point out the standard hours clause imposed too great a change for the people who had worked there so many years. Mr. Kent said he would be satisfied to have the hours the same as they used to be, but the firm did not want to violate the contract. We agreed to change that paragraph.

Kent (m): If it were agreeable to Mr. Anderson and the other companies in the Employers' Association.

Cooper (u): So we said, "Okay, the hours issue is eliminated. Let us get them back to work and we will forget about it."

Mr. Kent said, "I will not have them back."

Kent (m): When I discovered that I could not have the sympathy and cooperation of the union to support me in a justifiable claim regarding the work force, I felt there was no use trying to play ball with you fellows, and I would stand on my contract. I would consider the hours when I felt satisfied the union would play ball with me.

Cooper (u): Lane has worked at Abbot-Peabody's eleven years. So he must have been satisfactory.

Kent (m): We put up with him, that's all.

Cooper (u): The point is this: After he joined the union, he became a troublemaker; he became a sick man. After eleven years, all the bad in him came out. If he did not join a union for another eleven years, I don't believe there would be any action against him. I don't justify Mr. Kent's action—but neither do I Lane's nor the workers'. No man has the right to walk out. However, we are dealing with new members and a new employer. We have had this situation in other cases, and the employer and employee finally learned that we at the union were interested in them both. People have learned that they cannot get everything just the way they want it. I hope that here we can also learn to live together with that same good feeling.

Chairman: Mr. Kent, when did Mr. Lane become a problem as an inefficient man?

Kent (m): He will loaf on the job when nobody is watching him. It is an old game for men in the special-order department to let work pile up and make overtime.

Chairman: When did he start that?

Kent (m): That has been a matter of four or five years.

Lane (u) [interrupting heatedly]: It is not the truth.

Kent (m): I do take special exception to these things now that he has become a union member. For now, you see, he represents a higher investment, a greater expense to Abbot-Peabody. Before, it wasn't too serious.

Chairman: Would you like to say something, Mr. Lane?

Lane (u) [rises and exclaims vehemently]: I have been working here eleven years. I am the father of seven children. I am a strong fellow, and I work like a horse. My work was always finished on time. I never went on a drunk as some of the others, and my work went off like clockwork.

Chairman: If there are no further comments, we will declare the hearing adjourned.

Discussion Questions

1. How would you diagnose the situation underlying this dispute between the company and union?
2. Evaluate critically the way in which management and union representatives handled themselves in this whole situation.
3. If you were the arbitrator, what would be your decision, and why?

SHARLEY COMPANY

THE FOREMAN IN A PERIOD OF TRANSITION

Charles Raymond, regional director of the Textile Workers, held periodic meetings with foremen, particularly during the early stages of collective dealings in any plant. At one such meeting in the Sharley Company, several months after the first agreement had been signed, Mr. Raymond was discussing problems arising under the grievance procedure.

The agreement provided for the election of a shop steward in each department as part of the following grievance procedure:

(1) A grievance form (see Exhibit 1 at end of this case) was filled out in quadruplicate and signed by the worker. If the steward accepted the grievance, he added his signature and took it up with the foreman.

(2) If not settled, the steward next took the grievance to the superintendent.

(3) If still not settled, a full-time representative of the union, like Mr. Raymond, handled the grievance with the general manager.

(4) The last resort was arbitration.

Mr. Raymond sought to utilize meetings to build sound union-management relationships, and above all, to promote cooperative dealings between foremen and stewards, so that most grievances would be settled at the first stage. He opened this particular session, accordingly, with a short exposition of the help that union stewards could give their foremen; he declared that the union trained its stewards to aid, not hinder, production, discipline, and morale; and that the union regarded cooperation with foremen as one of its basic aims. He then invited the foremen to present any difficulties they might have encountered. Everyone realized that all kinds of problems might arise under a first agreement, and the union wanted to tackle, together with them, anything that was proving troublesome.

John Haines, a foreman, accepted Raymond's suggestion to discuss the following problem:

Foreman Haines (m): I can't see that the union has been doing anything like that for me. In fact, since you fellows came in, I get so many grievances I have time for almost nothing else. Of course, the fellows used to come to me with their troubles before. But since the union came, they go out of their way to think up complaints. If there isn't something actually wrong, they'll imagine something. I know, because I listen carefully to them, and that's how it often turns out.

Raymond (u): Haven't you a steward in your department?

Foreman Knox (m): Of course, you do have a steward like the rest of us, John, and apparently you just are not recognizing what he's there for. No wonder you can't get anything done if you take time to listen to everybody. Once a union's in the shop, there is no reason why you should be bothered by all the gripes.

Foreman Haines (m): What am I to do if the men keep coming to me? Every time I go through the shop, I'm stopped by men who have gripes.

Foreman Gilson (m): I think it's natural for the men to come if you always listen to them. I've never had that problem. I just let the fellows know they're in the shop to earn their day's pay. But if they did come to me, I'd just tell them their steward is the man they're supposed to see. If you do that, John, I don't think you'll have any more trouble.

Foreman Haines (m): Well, after all, they know they have their steward, don't they? They elected him. He is a nice guy, too. What am I to do if they keep coming to me? Just shut them off, ignore them?

Foreman Knox (m): No. But you can tell them to go to their steward. If they don't already know that, they should learn.

Foreman Haines (m): That's not as easy as it sounds. Just this morning Leo Legrande rushed over to me in an awful stew. He was all hot and bothered; he could hardly speak. The whole week now, he told me, he's been folding nothing but sheets. Why should the other fellows always get more wool blankets to fold than he does? Well, we know there's no favoritism; the folders get the blankets and sheets just as they come from the stitching machines. But they have been beefing that the rates on the sheets are too tight; they all want blankets, and they always think some other fellow is getting less sheets than they are. But it's not often they explode like Leo did this morning.

So all right, I could tell Leo Legrande he's imagining things, and to go ask his steward about how the union went over those rates and wrote them into the contract. But Leo's a good kid; and he's been having a peck of trouble at home. I know because he's been telling me when things get too much for him. So I let him blow off steam; and then I found a chance to ask him how his mother was; and soon he began to quiet down. Sure he was imagining things. But how do you shut off a fellow like that? Shut him up in the middle of a beef to send him to his steward?

Foreman Gardiner (m): Well, John, sometimes it will be hard, but you'll

simply have to make a universal rule to refuse to listen to any of them. Send them all to the steward. He'll know how to handle them. If a complaint is only imaginary, he will tell them so. He'll tell them to stop talking nonsense and get back to work. We can't get the output we should from a fellow who always wants to gripe. On the other hand, if a fellow has a just kick, the steward will get it down in writing.

Foreman Gilson (m): That's the truth, all right! I find that by the time a steward gets a fellow to put his grievance in writing, you can be sure it's not just an imaginary gripe. The claim will be stripped down to its bare essentials, and the steward takes it up in a way that will require a minimum amount of time.

Raymond (u): That's right. Always send them to the steward. He's there for just that. He will sift the real complaints from the gripes. I think you'll find he can be a real help to you.

Foreman Haines (m): Well, it still doesn't seem that I should have to tell them to go to their steward. But if that's what you all think, I'll try.

EXHIBIT 1

THE GRIEVANCE FORMS AT THE SHARLEY COMPANY

Textile Workers' Union Grievance Report

Local No. Location Mill
Member's Name Union Ledger No
(Write Plainly)
Address Tel.
Department Operation
Nature of Grievance

Signed by Steward
By Union Member
For Disposition of Complaint Fill in Other Side

(Reverse Side)

STEP NO. 1

Date Grievance submitted to Foreman . . . .
Answer of Foreman

Satisfactory Settlement
Yes No

STEP NO. 2

Date Grievance submitted to Superintendent . . . . . .
(Same form used as for Step No. 1)

STEP NO. 3

Date Grievance submitted to Management . . . . . .
(Same form used as for Step No. 1)

STEP NO. 4

Date submitted to Arbitration . . . . . .
Decision of Arbitration

Signed. Settlement agreed upon: Date
By Representative of Union
By Representative of Management

DISCUSSION QUESTIONS

1. If you were a participant at the conference at the Sharley Company, what would be your position in the question raised by Foreman Haines?

2. How would you characterize the function that Haines served in this plant?

3. At what step in the grievance procedure would you, on the basis of this case, recommend that a grievance should be reduced to writing?

4 If you were consulted, what would be your recommendations (*a*) on a steward-training program, and (*b*) on a foreman-training program?

MARLBOROUGH MACHINE SERVICE COMPANY

THE SHOP STEWARD IN A PERIOD OF TRANSITION

The Marlborough Machine Service Company supplied machine wipers, cleaning cloths, and buffs to manufacturing plants. It purchased mill ends; sorted, cut, laundered, and bundled them; and shipped them to its customers.

Long-service employees dominated the labor force, with few having less than five years' service. Two years before the opening of this case, the Textile Workers Union of America (CIO) organized the shop. There were no organizing strikes and the first agreement was amicably negotiated. Under its terms, wage rates for women were raised from 40 to 45 cents per hour, and for men (except truckmen) from 48 to 50 cents. A request for rate revisions could be made under this first agreement as of May 1 within the contract year that ran from November to November.

Late the next April the union asked the company for a conference on wage increases. Resulting negotiations produced agreement upon advances from 45 to 48 cents per hour for women and from 50 to 60 cents for men, effective August 1 for one year. This revision was negotiated by the manager of the joint board for the region, Mr. Michael Shea, and a shop delegation including the local union president, three shop stewards, and three rank-and-file workers. Only four of these eight union representatives signed the agreement. When the new rates were submitted to the membership, they were pronounced satisfactory *for the time*. But the members refused to accept them for a year because of mounting living costs, and higher wages prevailing in heavy industries. This decision, however, was not immediately transmitted to the company, as union officials persisted in efforts to gain worker endorsement of the agreement. The company put the revised rates into effect and made repeated efforts to obtain an executed contract.

In November Mr. Shea was transferred to another region, and Mr. Paul Reagan was appointed to his place. Before leaving, Mr. Shea notified counsel for the Marlborough Company by telephone in Mr. Reagan's presence that the August rate revisions could not be signed by the union. As the counsel voiced protests, an appointment was arranged with him for Mr. Reagan.

At this meeting, the talk was frank. Mr. Reagan admitted that the company had acted in good faith; that its wage rates could hardly be compared for negotiating purposes with those prevailing in the heavy industries it serviced; and that its contract prices to customers had been based upon August wage rates. But he also insisted the union had acted in good faith. Its efforts to win rank-and-file acceptance had simply failed. The workers had accepted the August rates, but not for a year.

Indeed, they were now complaining to union officials that they could not "make ends meet" on the existing wages. There were complaints, too, that certain strategic workers in the shop had forced management to grant them wage rates above those set in the contract. Company counsel admitted that a few instances of this kind might have occurred. Management, unable to obtain an executed contract and well aware of general labor stringency, was anxious to hold its long-service labor force.

Bowing to realities, the company thereupon agreed to enter negotiations for further wage revisions. By December 18 a new schedule of rates had been jointly drawn, and accepted by the union's negotiating committee. But once again upon submission to the membership it was rejected—this time in protest against the rate of 50 cents per hour set for the women "wipers." The workers charged this yielded the bulk of the force, some 70%, an increase of only two cents per hour. Company counsel suggested to Mr. Reagan that he sound out union sentiment for a rate of 52 cents, although, he made clear, he might not be able to gain company acceptance of such an increase. And when the workers "reluctantly consented" to this feeler, the company then declared itself unable to accept. Further negotiations took place. On January 26 a federal conciliator intervened, but to no avail. Unrest mounted in the shop. Finally the case was submitted to arbitration; on March 16 the hearing was opened. In agreeing to arbitration, the workers insisted that any increase granted must be retroactive to the previous November since they "had not been working under an accepted contract."

The union's case was presented by its international representative, Mr. Joseph Bresca, and by Mr. Reagan. The company's counsel handled its case. Among the witnesses was Mr. Stefano Ricardi, shop steward. After some preliminary questioning, Ricardi gave the following testimony:

Reagan (u): What would you say was the feeling of the workers, Steve?

Ricardi (u): Before I say anything, I want to know if my name is on that August agreement.

Reagan (u): No, it is not. Why didn't you sign the contract?

Ricardi (u): If Mr. Shea told me to sign, I wouldn't do it.

Reagan (u): You never did approve of this contract?

Ricardi (u): No.

Arbitrator: Are you still the shop steward?

Ricardi (u): Yes, from the first day the union got in there.

Reagan (u): Will you tell us how the people feel at the present time?

Ricardi (u): They feel they don't get enough. In the last few months, you see, all the fellows jump on me. They say to me, "Steve, something must be wrong." I say, "What is wrong?" They say, "You tell us all the men are getting 60 cents an hour. But we know some get more." I say, "How can you prove that? You show me what you're talking about."

Last week, three men said to me, "Steve, honest to God, something is wrong here. Somebody is getting more money." I said, "Can you give me pay slips showing that so I can take it to the arbitration? They said they would try to get them. But they didn't want to go after it too hard as they might lose their jobs.

Reagan (u): You think certain people are being paid more than others?

Ricardi (u): Everybody is supposed to get 60 cents an hour, but some get more than others.

Reagan (u): What do you do in the plant?

Ricardi (u): Well, I am working now on a presser and dryer. We have four men on the presser and the dryer; four men on the truck; four on the puller; and one washer. Our whole group is 13 men.

Reagan (u): Since you had your last raise, has there been any action by management to have you increase production?

Ricardi (u): We speed it up as much as we can. Sometimes when I have a little time I talk with the boss. Last week he showed me our group's production: 51,000 pounds. We are supposed to be on two shifts, 26 men. Sometimes like yesterday, only eight men may come in on one shift. Well, you can't have full production when you are shorthanded. Then the boss doesn't like that. Some of the fellows will come in today and not tomorrow. Maybe they are trying to get a job somewhere else; I don't know.

Reagan (u): You have to work harder when you are shorthanded?

Ricardi (u): Yes. When you put the stuff in the drying machine, you set the clock for 13 minutes. Then the bell rings, and you have to open the machine and take off the stock right away.

Reagan (u): Now, Steve, you have tried all through this negotiating period to keep these people at work and you have led them to believe that the union would do all it could to get increases for them which would be retroactive? They are of that opinion?

Ricardi (u): They sure are. Lots of times—well—they want to walk out. I'd tell them, "No, you can't. You mustn't. We have got to wait until the hearing and see what happens then. We are not going to lose the back pay."

Reagan (u): I don't believe I have any further questions to ask.

Ricardi (u): The way they have been talking here, it sounds like easy work at the shop. But the laundry shop is real hard work; the boss tries to get more production. The boss is always after me, and the people are always after me. Well, I try to cool down the boss, and I try to cool down

the people at the same time. I don't like to see any trouble. It seems now they're all against me all the time. They say I hold them back from walking out. They think that way I am the one who is keeping them from getting more money.

Bresca (u): You are trying to live up to the agreement not to have any stoppage of work, and at the same time you are trying to get as much for them as you can?

Ricardi (u): Yes, I think I can help the workers and also help the company. I am no boss, but when I see somebody losing too much time, I somehow don't like it. I say: "What do you waste time for?" But they tell me, "Who the hell are you? You are no boss." But I say, "I am your union representative here, and I am supposed to tell you if you lose any time, and I am supposed to see that everybody tries to do their best. When you kick and I have got to talk to the boss, I can speak better for you if you always try to do your best."

Bresca (u): And sometimes the men want to walk out?

Ricardi (u): Yes, but I stop them by telling them, "If you do that, you are going to lose the back money."

Bresca (u): That is all.

Discussion Questions

1. What parallels, if any, would you draw between the functions that Steward Ricardi was discharging at the Marlborough Company and Foreman Haines at the Sharley Company?

2. Analyze the wage problem confronting company executives and union officials at the Marlborough Company.

LAKETOWN POWER COMPANY

AN INTERNATIONAL REPRESENTATIVE'S ASSIGNMENT

By vote of the executive board of the Electrical Workers' Union, J. C. MacTavish, international representative, was directed to investigate the discharge of Edward Weston.[1] Weston, a boiler operator employed by the Laketown Power Company, was also the president of the recently organized local union. MacTavish was empowered to conclude the most favorable possible settlement compatible with the maintenance of good relationships with the company.

Laketown Power employed some 1,000 men. The local union had been in existence for two and one-half years, and was operating under its second contract. MacTavish sized up union-management relationships as "average —not especially good and not particularly bad." From the beginning Weston had taken an active and aggressive part in union affairs.

[1] The duties of an international representative are not sharply defined. He usually assists local unions in matters demanding a specialist's knowledge and experience. He aids in the negotiation of contracts and in the resolution of grievances of major significance.

In preparing to handle the dispute, MacTavish arranged a special meeting with the union for the evening of his arrival, and a conference with company representatives the following morning. At the union meeting John Thomas, vice president, presided. Upon the request of the members, MacTavish agreed to act as chairman of the grievance committee to meet with the company if Thomas and Frank Hunter would serve as its members. Hunter, a member of the local union's executive board, was a boiler-room foreman, while Thomas held the job of a company lineman and thus worked outside the plant. They accepted membership on the committee.

Thereupon the following findings of the executive board with regard to Weston's discharge were read by the secretary:

> Near shut-down time on the morning of April 14, Weston asked Bilk [plant operator, and direct supervisor of Weston and Fry] to assign Fry [oiler] to assist him [Weston] in taking boiler meter readings. Bilk told Weston that he had Fry busy on other work and to remember that meter reading was the duty of boiler operators. Weston argued that Fry should be helping him with this kind of work so that he could be trained for promotion. Bilk refused to give in. As he went back to his work, Weston noticed Fry removing soot from a fire box door. Thereupon he returned to Bilk to protest that Fry was doing work belonging properly to maintenance men. Bilk repeated that Fry was busy and that the work he was doing was solely his [Bilk's] responsibility. The two fell to arguing over the duties of the various men on the shift and the need for giving them training that would qualify them for promotion. Finally Weston informed Bilk that he intended to take the matter up with Carver [plant superintendent] the next day. Bilk replied he would meet Weston in Carver's office at 2 o'clock.
>
> When Weston arrived at Carver's office he found Bilk already there. Carver immediately informed him that Bilk had recommended, on Personnel Form 18,[1] his discharge for insubordination. Carver refused to discuss the matter, telling Weston to take it up with Mr. Johnson [division manager].
>
> Although Johnson was unable to see Weston that afternoon, he gave him an appointment the next morning. When Weston arrived in Johnson's office, he found Carver and Bilk with Johnson. As discussion got under way, Weston interjected, "You fellows just have it in for me for taking time off last week." Johnson replied, "That is not so. We have closed that case. But if that's the way you feel about it, Bilk has recommended your discharge, and I now concur in his recommendation. There is nothing more to be said."

After the union meeting had adjourned, the grievance committee stayed to plan procedure. Hunter told MacTavish that Weston had been officious around the plant. He had made himself unpopular in the company by pushing too aggressively his ideas about exclusive job duties. Weston's father had been a railroad union man, while Weston himself had worked previously in construction. In contrast to the railroads and the building trades, where rigid craft lines prevailed, there was considerable latitude in utilities regarding work assignments. Yet Weston persistently attempted to introduce more job rigidity, and thus had made himself unpopular with management. As

[1] A form on which supervisors rated men every four months for purposes of promotion. Specific offenses were also noted. Employees were permitted to enter remarks on the back. The use of this form was unpopular because the workers felt that "the slate was never wiped clean."

for that statement of Weston's that had caused Johnson to explode, everyone in the boiler room had heard that Weston had been "on the carpet" some weeks ago, but neither Hunter nor Thomas knew the exact details.

When he met with the union members of the grievance committee, Weston took no exception to the report of the executive board regarding his discharge. MacTavish asked Weston to explain his charge that management "had it in for him." Some two weeks ago, Weston explained, he had gone to Bilk's house to arrange for the next night off to attend to union business. Bilk had told him his request was too late to arrange for relief. Moreover, he doubted whether Weston really had to take time off for the purpose alleged —to go to a neighboring town to learn the results of an arbitration over wage rates in another division of the company. Upon Weston's insistence, however, Bilk finally had agreed, provided Weston could make proper arrangements with Carver. Unable to locate Carver, however, Weston phoned the boiler operator whom he was to relieve, and told him he would not be in. Both of the following two nights were Weston's regular times off. When he returned to work on his regular shift, he was called to Carver's office and rebuked in the presence of Bilk. Admitting that he had been wrong, Weston offered to reimburse the company for the overtime paid to the man who had worked in his stead. Carver refused the offer, with the warning not to let it happen again.

Bilk also confirmed the accuracy of the executive board's report to the union committeemen. In his opinion, moreover, Weston would not have been discharged except for his attitude in Johnson's office. Although he would not rescind his recommendation that Weston be discharged, Bilk was willing to do anything to help Weston find another job. He refused any information regarding the attitudes of Carver or Johnson as expressed to him personally.

The union grievance committee coming to meet with management found Messrs. Mitchell (sales manager), Burnes (division engineer), and Johnson (division manager) present as members of the company committee. The union members objected to Johnson as an unsuitable member of a joint committee to pass judgment upon appeal from a discharge that he himself had already confirmed. Johnson replied that MacTavish, as international representative, was just as biased as he. Throughout the discussion that followed, Johnson insisted upon his right to participate. The union finally withdrew its protest, and Johnson presided at the hearing.

Carver thereupon opened the hearing by declaring that Weston had been a disturbing element. He cited the refusal of other operators to accept Weston on their shifts, which proved Bilk more patient with Weston than most other supervisors. Weston always seemed to feel employees were doing work that didn't belong to them; yet *he* always wanted the chance at work that would give him training to qualify for promotion. In fact, he had asked transfer out of Bilk's shift because Bilk would not let him run the telephone switchboard, and accordingly was "unduly limiting," as Weston put it, "his chances for promotion."

As soon as Carver concluded, Johnson, without consulting his own man-

agement members, declared that the company committee had decided "to stand on the discharge." MacTavish protested that they were meeting in joint conference; but as yet nothing had occurred that could be considered either joint or conferring. Thomas joined MacTavish in requesting opportunity to question both Johnson and Carver. Johnson refused to accede to these protests. Thereupon Hunter, speaking for the first time, accused Johnson of acting in a very unfair manner. If he persisted, Hunter said, the union executive board would carry the case to arbitration. On that note, the meeting adjourned.

Taking the next step in appeal procedure, the union presented a written grievance to the company president. The contract gave him ten days in which to determine management's final decision.

MacTavish hardly expected President Horne to reverse the decision of his subordinates unless the union could uncover further evidence. The apparent inconsistency of Hunter's reactions to the situation led him to suspect, moreover, that he himself had yet to learn the whole story. When the grievance committee first met, Hunter had been quite critical of Weston's attitudes, and almost seemed to justify management's dissatisfaction with him. Yet, at the joint conference, when Johnson declared management would uphold Weston's discharge, Hunter had protested vigorously.

MacTavish decided to investigate further. As matters stood, he did not believe arbitration could be averted. Yet, although the union's position was strong, he wanted, if possible, not only to save the time, money, and effort involved in arbitration, but even more important, to avoid the effects on relationships that such an arbitration might have.

MacTavish began by another talk with Hunter. In its course, Hunter made the following statement:

> Mac, I am somewhat on the spot. Weston has made it tough for the foremen because he insists on trying to run a utility along the lines of a building trades organization. Then he hollers like hell because he doesn't get a chance to work as switchboard operator. Bilk has been a plant operator only a short time and hasn't yet been willing to take the responsibility for recommending anybody's promotion Bilk told me he had no idea they would fire Weston on his recommendation. He just wanted to throw a little fear into a fellow whose head was getting too big for his hat. A reprimand would have been enough about the fire box door. But Johnson has been anti-union all the time and has been waiting for a chance to crack down Bilk is a good man and I hate to make any statement before an arbitrator that would hurt him. On the other hand, I know that what Carver said is not so—the other plant operators would not object to accepting Weston if he were transferred. If the case goes to arbitration, I will have to tell the arbitrator what Bilk told me, so I hope you can do something to keep it from getting that far.

MacTavish then interviewed Bilk. The record of this interview follows:

MacTavish: Bilk, this Weston affair is a mess. What's the real trouble here anyway?

Bilk: Mac, I wish I really knew. I haven't been on this job long and I'm anxious to make a go of it. Good jobs like this don't grow on trees, and I'm making more money now than I ever did in my life. With a couple of

kids to support, I can't take any chances. Ed needled me for a long time about not giving the men a chance to learn better jobs. Fry wasn't the first by any means. But I'm responsible for over $4,000,000 worth of equipment, and I'm not going to take chances on a green man blowing it up.

MacTavish: You say Ed needled you?

Bilk: Did he! Why, he was after me all the time for a chance to take over the switchboard. And another thing, do you know what Ed told me after the meeting in Carver's office? He said he was going to prefer charges against me in the union for disclosing union business. All I had said was that I did not think he really needed that time off for a trip. As a matter of fact, I think he simply wanted a night off and this one looked as good as any—better perhaps because it came just before his regular time off and gave him a nice stretch. I've read the contract, and if the union suspends me, the company will have to fire me, won't they? [1]

MacTavish: No, you always have the chance to appeal. Anyway, the union would never suspend you for anything like that.[2] Ed must have been kidding you.

Bilk: I never thought of that. [Pause.] You know, I had no idea that they would fire Ed. In fact, I didn't even intend to recommend him for a discharge. When I went home though, later on, I got thinking of how Ed had been needling me constantly and maybe needed a little disciplining. I talked the matter over with Mr. Carver and he suggested that a recommendation for discharge and a talk from Mr. Johnson might do Ed some good. We had no idea that Mr. Johnson would get angry and discharge Ed when he said management had it in for him. Why, Mr. Johnson had told us we were foolish to bring in a recommendation for discharge on such a small matter. He said that maybe Ed should have been suspended and lose a few days' pay, but he thought it was too late for that. I wish I knew what to do. You're not going to say anything to Mr. Carver or Mr. Johnson about this, are you?

MacTavish: No, Bilk. I'm simply charged with presenting the case for Weston in behalf of the union.

Bilk: You know, I've a good notion to tell Mr. Johnson we can't get by with this. He just lost his temper. By golly, it's not fair, and I'm going to see him right now.

That night Bilk called MacTavish to inform him that he had seen Johnson, who had told him to forget the whole thing until Mr. Horne returned to the city. He also said that he got the impression Johnson had "cooled off."

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[1] The contract with the union provided that "all employees within the terms of this agreement must become and remain members of the union in good standing as a condition precedent to continued employment with the company."

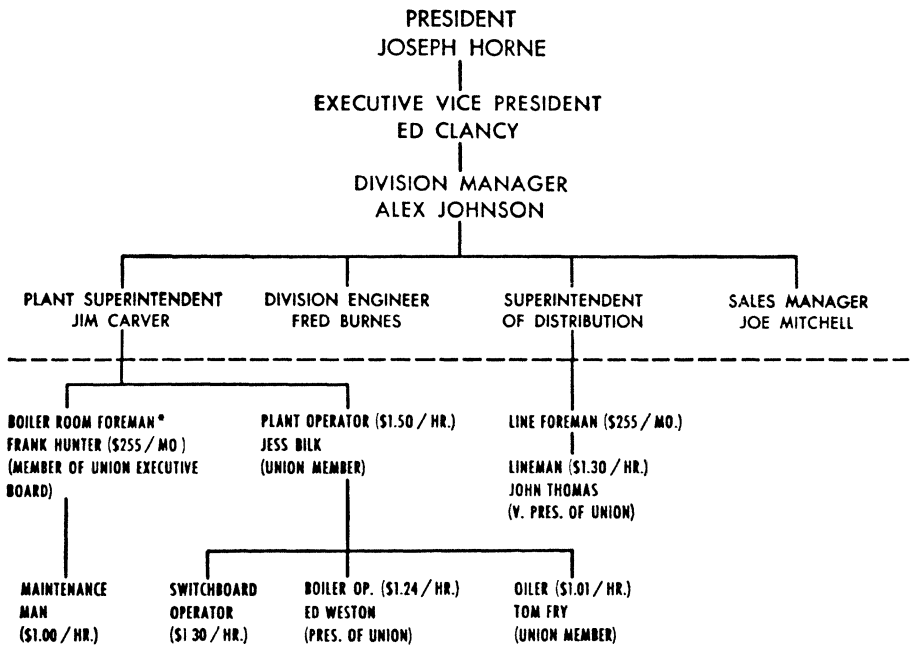
[2] The contract also included this provision "The parties hereto recognize that because of the requirements of the public service, certain employees, such as working foremen and higher grade workmen, are required from time to time to enforce discipline, to supervise and direct the work, and to instruct and train other employees. Accordingly, it is agreed that nothing herein contained shall serve to hinder or obstruct such employees in the lawful discharge of their duties, nor shall this agreement alter or diminish the right of the company to remove such designated employees when they repeatedly or inexcusably fail in the discharge of their responsibilities to the management."

The next morning, before leaving town, MacTavish called on Ed Clancy, company vice president, to discuss the matter. Clancy told him that since he had to live with the union in negotiations, he did not want to be involved in grievance matters. However, he promised to talk with Johnson, and if he felt it necessary, with Carver and Bilk.

Five days later Clancy called MacTavish to report Horne's decision. The president had decided management had been "too hasty in discharging Weston." He wanted to know if the union committee would accept for Weston a 10-day layoff, without pay, and a return to work with all rights unimpaired. Weston had been out 23 working days, but the union had found a construction job for him three days after he was discharged.

The offer of the company was accepted, and Weston returned to his job as boiler operator.

EXHIBIT I



* Men holding positions below the broken line could be members of the union.

DISCUSSION QUESTIONS

Assume that shortly after the episode described you are taken on for a staff position with President Horne. One of your duties will be to help work out management-union relationships in the company. As your first assignment you are asked by Mr. Horne to draw up two reports for his study, as follows:

1. An evaluation of the situation underlying the discharge of Weston, the proceedings leading to its settlement, and the settlement itself. You are

to focus upon the behavior of the people involved, with reference to all the varying factors that seem relevant to understanding their behavior.

2. A recommendation for action from this point on that contains (*a*) a program for minimizing the recurrence of similar disputes, and for promoting sound union-management dealings in the Laketown utility; (*b*) the steps and procedures by which you would actually introduce this program.

SECTION 2. ADMINISTERING THE AGREEMENT

HILTON CLOTHING CORPORATION

THE DISCHARGE OF A SHOP STEWARD

The Hilton Clothing Corporation, from which Joseph Ascola, shop chairman, was discharged on February 19, had been dealing with the Amalgamated Clothing Workers (CIO) for some 20 years. When the parties failed to negotiate a settlement of the dispute that followed, it was submitted to Mr. Philip Milton, impartial chairman in the market for the past 17 years. The following were in attendance at the arbitration hearing on February 20:

For the Union	*For the Company*
Edward Bellando, Assistant Manager of the Joint Board	Alfred Waterman, President
Vincent Tonati, Business Agent	Harley Stone, Company Counsel
Joseph Ascola, Discharged Employee and Shop Chairman	Nicolas De Marco, Foreman of the Pressing Room

Bellando (u): A week ago my manager called me. "Ascola has been fired," he said, and he wanted me to have him reinstated. I had a talk with Mr. Waterman. He told me Ascola called him a fool during a dispute between Ascola and the foreman. Two people were talking at the same time, and Ascola just said, "Let one fool talk at a time." When those words came out, Waterman told Ascola, "You have been working for a fool long enough." Ascola insists that he didn't call Waterman a fool. Ascola, you tell the story.

Ascola (u) [rising and speaking heatedly]: I said, "Just a moment, one fool at a time." Upon that statement Mr. Waterman shot me dead economically.

For three months since I became shop chairman, I have had many disputes with Mr. Waterman. So far as I know I have never offended him, and he has never offended me. Mr. Waterman and Mr. De Marco were talking last Wednesday at the same time, and I said, "One fool at a time." Sometimes I think in Italian even though I talk English. Among Italians such talk is very common; we get excited easily. I don't think it was grounds for offense on the part of Mr. Waterman, and I certainly don't think that it was justification for discharge. If you should find that he was right in discharg-

ing me, then my job—or any shop chairman's job—is hanging by a thread. I should not only be reinstated, but I should be compensated for a loss of $68—a week's pay.

I don't know what Mr. Waterman is going to say, but this is the reason they gave me. If other things happened during the past six months, they should be discussed separately from the discharge issue.

I have been zealous in the discharge of my duties as shop chairman. It is my job to protect the workers. Some seven weeks ago, Mr. Waterman made a statement that if I lost my job, I could not get another in the city. He even said he would give me ten days off to look for another job, and pay me for those ten days, as well as $30 more, if I could find another job. If he is right that I cannot get another job, then this discharge is way out of proportion for the remark I made in anger.

If a shop chairman's behavior is obnoxious to a firm, generally the business agent is called in, and a complaint is made. You do not discharge a shop chairman on the spot. In other shops, in Chicago, for instance, they hand out pink slips as warning if a worker does something contrary to the rules. Discharge is the last resort.

I am not only a worker—I am a shop chairman. I have often thought since I have been in office and protecting the people, "Gee, I would like to bust that guy in the nose," but I kept it to myself. Now Mr. Waterman has interpreted a single remark as an offense and has thrown me out. I have been out a week and $68 is money to me. Working as a presser is not a hobby with me. I work because I have to! That's all I have to say.

Chairman: Thank you. Does the union have any more evidence?

Tonati (u): I say that the man be reinstated with compensation. Mr. Ascola has told the whole story very well. We haven't anything more.

Chairman [to Mr. Stone]: Do you want to go ahead?

Stone (m): Mr. Ascola, you were employed as a presser for seven and one-half months—twenty-nine weeks and two days to be exact. Do you feel that you have done your job properly?

Ascola (u): That is not the issue. I don't think . . .

Chairman: The company must demonstrate justification for your discharge. They have a right to bring evidence directed to that question of "just cause."

Stone (m): Do you consider that you performed your job properly?

Ascola (u) [hesitating]: Am I required to answer this?—Yes, I do!

Stone (m): There were 147 working days during that period. How many days were you absent?

Ascola (u): I don't know. Three or four, I guess.

Stone (m): If I showed you that you were absent sixteen days, what would you say?

Ascola (u): I don't think that is true.

Stone (m): You were absent from work on the 11th of December; the 5th and 6th of January, and the 29th because of illness. The period from October 30 to November 12 you were out.

Ascola (u): The whole pressing department was out, and I was out with them.

Stone (m): We'll come back to that. Now you were at work 131 days. How many days did you come in on time?

Ascola (u): I merely want to say that my attendance and punctuality is equally as good as anybody's in the department.

Stone (m): If I told you that 66 days out of 131 you were late, what would you say?

Ascola (u): I don't know. My record of punctuality is as good as anyone else's.

Stone (m): Then I'll tell you that seventeen times you were late by five minutes or less, fifteen times by more than five minutes, and thirty-four times by ten minutes or more.

Ascola (u): Some people came in after I did. Mr. Waterman complained to me as shop chairman about the general lateness of everybody.

Stone (m): Was there a stoppage in the pressing section between October 30 and November 12?

Ascola (u): I think there was.

Stone (m): Before they went out, did you discuss it with them?

Ascola (u): I was not shop chairman at that time.

Stone (m): When did you become chairman?

Ascola (u): I don't have the exact dates.

Stone (m): Was there any interference with production on December 30?

Tonati (u): I will answer that. You went home sick on that afternoon. If I recall correctly, the rest of the department left the shop at the end of the day.

Ascola (u): I left at a quarter of three.

Stone (m): On January 27, was there a two-hour stoppage in your section, while you were chairman?

Ascola (u): You have my time records. I think that is the morning I didn't come in at all.

Stone (m): Did the pressing section stop work on the 17th of February?

Ascola (u): Yes, and let me tell why. There is a condition we complained about for six weeks. On the floor below, the tenants [another company] use some chemicals and the fumes seep through in the pressing department. I complained about it many times. I went to Mr. Waterman, and he said, "Open the window." On the 17th, the stench was unbearable. I called over the men, and said, "Come here! Smell this gas." Four of the pressers were there, and we all agreed it was impossible to work. I told Mr. Waterman that, and he said, "There's nothing I can do. If you don't like it, go home." And we went.

Stone (m): Did the rest of the shop go home?

Ascola (u): No. The stench concentrates itself around the pressing department.

Stone (m): Did anybody else want to go home?

Ascola (u): I don't know—just the pressers.

Stone (m): How do you explain the spool of thread you threw at your foreman?

Ascola (u): That was after working hours. We had an argument, and Nick called me a stool pigeon. That was a personal affair. It did not involve any shop problems.

Stone (m): Is it within the jurisdiction of a shop chairman to tell people when they can go home?

Ascola (u): I think it is proper for a shop chairman to do that when men have waited around for an hour or more and no work has been prepared for them.

Stone (m): Is it the prerogative of the shop chairman, when management tells a woman to stay on her job, for you to tell her to go?

Ascola (u): That was the case of Martha. I happened to come along, and Mr. Waterman was having a hot argument with this girl. I said, "What's the trouble?" The girl said she had to go home because her father was ill. She hadn't been in that morning, but came in at noon to inquire about work the next day. She said she would come in the next morning. Mr. Waterman said, "You go to work now, or don't come back at all." I told the girl to go home and come in the next morning.

Stone (m): Did you know that prior to your coming to work on that job that it was the practice of management . . .

Tonati (u) [interrupting]: I think this is all irrelevant. This is childish. This is not according to the agreement. Let's stick to the merits of the case.

Chairman: Mr. Stone, why don't you just develop your case systematically from now on.

Stone (m): All right. Do you want to state your case, Mr. Waterman?

Waterman (m): It is my business to keep that shop running at all times, and I try to do as fair a job as I know how. Let us begin with the stoppage on October 30th. It has been our practice to make no daily check on the pressers; they work on contract accounts. If the contract called for 50,000 coats and the pressers had received pay in the period for 50,100, they would reimburse the company for the 100 coats on our side of the ledger. On the other hand, if they had received pay for only 49,900 coats, we would make up the underpayment. On October 30th we found that there had been an overpayment of $143 to seven pressers. After so informing them, I deducted $143. The boys said if they didn't get the money, they would walk out. I said to Ascola, who was clearly the ringleader, "I am willing to put the money in your hands in the form of a certified check. When the union has time to go through our books, we can see whether we are right." Ascola refused; he said, "I don't want any part of it." There was a stoppage from October 30 to November 12. It's true Ascola wasn't shop chairman then, but he was elected shop chairman very shortly after that stoppage.

Stone (m): On December 30th, wasn't there a one-day stoppage?

Waterman (m): It started about three o'clock. We had called the pressers in that morning to explain that if we used up certain materials, there would be a loss of time. Therefore we asked them to stagger their work. We were

bluntly told the practice was all or nothing, and we'd have to pay the usual make-up time of $1.58 per hour. I refused, and they went out.

Stone (m): Was there any request for discussion with Mr. Bellando, or for arbitration?

Waterman (m): No. They simply walked out.

Stone (m): Is it the practice in your shop for each man to change the padding on his machine?

Waterman (m): Yes. One morning Ascola refused to do it. He said he didn't care if he had to pull the whole section out, he wouldn't change the padding, as his foreman had told him to.

Stone (m): On January 22 was there another stoppage?

Waterman (m): It really involved a minor question about wages. The point is that Ascola stopped work in the pressing room for two hours until he got his way.

Stone (m): What happened on February 19?

Waterman (m): It is my practice in the morning to inspect the plant. I found a controversy going on between the foreman, Nick, and Ascola. I just listened; then I asked what the trouble was. There were 32 coats involved that went from Ascola's section to another section. They had been done improperly, and Nick wanted them repressed. Ascola said, "I don't give a damn about those coats—I won't do them unless I get paid for it." I tried to offer a suggestion, and then Nick interjected something. Ascola said, "One fool at a time." That proved the straw that broke the camel's back. I ordered my foreman away. I said to Ascola, "You have worked for a fool long enough. You are discharged."

Stone (m): Did he have any objections to good relations with your employees? Didn't your employees give a present each Christmas to your father until Ascola stopped it?

Waterman (m): Yes. My father has worked with our people for years—since he started the business. They always liked him a lot. But Ascola said openly that employees should not buy bosses presents, or be on good terms with bosses.

Stone (m): Prior to his coming, did you ever have any stoppages?

Waterman (m): No. Our firm has never had any complaints about our relations with the union. We get along well.

Chairman: Did you ever try to have a real talk with Mr. Ascola?

Waterman (m): Yes, I have bent over backwards to work with him. I asked him, "Why is it we have these stoppages?" Ascola told me that bosses should be done away with. "If bosses were eliminated," he said, "business would run a hell of a lot better." He suffers from "boss-hatred."

Chairman: Did you ever warn him that you would discharge him if he did not improve?

Waterman (m): Yes, I spoke to Mr. Tonati about him many times. I felt it was imperative that he go out of the shop, or I would go out of business. I have been fed up, practically been on the verge of a nervous breakdown. There has been continuous bickering and squawking since Ascola came.

Ascola (u) [rising to speak]: I would like to ask Mr. Waterman a question, Mr. Milton, before I rebut Mr. Stone's arguments.

Chairman: Go ahead.

Ascola (u): Mr. Waterman came to me and said he needed seven girls to work overtime. Didn't I get the girls? Then a girl wanted to leave, and didn't I cooperate in keeping that girl on the job? Then on another occasion, didn't you say, "This may not be within your duties as shop chairman, but will you round up some finishers for us?"

Waterman (m): Yes.

Ascola (u): Wasn't there a time when you had a tough problem and one of the men said, "Why don't you call in Ascola?" Mr. Waterman said, "I don't think I can talk to Ascola." But I came in and we talked for about two hours. You must have thought that time was useful, for you paid me for it! Didn't you find me cooperative in those instances?

Waterman (m): Yes.

Ascola (u): Mr. Waterman and I have had several philosophical talks. I told him that bosses were unnecessary nuisances. I said I believe in the cooperative system instead of the capitalist system.

Waterman (m): I didn't take it as personal—it just reflects your general attitude.

Ascola (u): You said that I preach boss-hatred. That is ridiculous. On four distinct occasions I went out of my way to help you. I did it not because I was interested in the company but because I was interested in the workers. The suggestion that I have sown seeds of insurrection are not true.

About your father—one woman came up to me. I said I didn't approve of giving presents to bosses, that bosses should give presents to employees.

Mr. Waterman has made it just as difficult for me as he says I have made it for him. Take the question of loss of work time on December 30. I told the workers to come in the next morning, and I collected for loss of time from the boss. It was hard fighting to get it. They said I was overzealous. I was not chairman when that big stoppage occurred from October 30 to November 12, but Mr. Waterman was told that I got them to walk out. If management would pay less attention to rumors, it would be a healthier situation.

When I became shop chairman, we had a talk about how to get along. Mr. Waterman said, "You know how these things are. Sometimes I will give in, and sometimes you will give in." I said, "I don't believe in that. What is yours is yours; what is ours is ours." This business about my sowing hatred is farfetched.

Chairman: I would like to know about the stoppages that occurred after you became shop chairman.

Ascola (u): The only one I know of was about the stench. Mr. Waterman said, "I can do nothing about it. If you don't like it, you can go home."

Waterman (m): If I told you to go home, you will admit it was in impatience. I was about fed up: nobody else complained; the Board of Health

found nothing harmful; it was not a condition over which we had control. You simply were always looking for complaints, and keeping the pressers stirred up.

Ascola (u): I don't remember anything about any other stoppage. I do remember that—maybe December 30—I went home at three o'clock, and the boys may have gone home afterwards.

I want to bring out one more point. It is news to me that Mr. Waterman complained to the business agent about me. Only on one occasion did Mr. Waterman intimate to me that he wanted me out of the shop. It's true, when I complained about the stench, he said, "Ascola, this is the wrong shop for you. You complain about the lights, the pressing machines, and now the stench—always something."

He did also say once that I was overzealous in regard to my duties. I assumed an attitude Mr. Waterman wasn't used to. Let me ask Mr. Waterman if I ever made a complaint that didn't have some sort of grounds.

Chairman: How about your refusal to pad your machine when Mr. De Marco told you to change the padding?

Ascola (u): I am glad you brought that up. It was not a simple case of putting another pad on. It was padding the machine in a new way Nick thought would be better. I went to Mr. Waterman. I said, "If it is a question of experimenting, it shouldn't be done on my time."

I want to conclude by saying that I have not had too many run-ins with the boss. There isn't a shop chairman in the city—or any other market—that doesn't have a run-in with the boss. Waterman is not accustomed to this sort of thing. In the previous six years before I took office he had another kind of chairman.

You may think this is none of my business, but two-thirds of the trouble is because the firm has mismanaged the shop. Sections are overcrowded. Operators are losing time. They all come to me, and I have to believe this girl—believe that girl. When I told Martha to go home because her father was ill, I did it for her as well as for the dignity of the shop chairman. I try to follow the contract too.

Stone (m): I should like to ask some questions of Nick De Marco, our foreman. Nick, tell us about the padding incident.

De Marco (m): I told Ascola that with his padding the coats would not come out right. He said, "I am not going to change this machine." I told him that every presser has to change his own machine. He said, "I don't care: I am not going to." I came back from lunch and Mr. Waterman said, "Nick, you change that machine; we must get on with the work. I don't want any trouble." I padded the machine, and everything came out satisfactorily.

Once I showed him some coats and how badly they'd been done. I sponged them, and did them over. He said, "You must have magic in your fingers." I continued to show him how, but he wouldn't accept my suggestions. "You must have magic in your fingers," he kept on saying. He couldn't or wouldn't do the work right.

On another morning his sponging machine was not right, and I said, "We don't want to lose production, so we will use another machine." But he wouldn't change and of the coats he did, not one was passable.

Stone (m): You heard the discussion about the October 30 stoppage. Did you see Ascola talk to the men that day?

De Marco (m): He came out there among the boys. I remember definitely that Mr. Ascola said, "I want the money for these coats, and if I don't get it, we will walk out."

Stone (m): Was there a stoppage at the end of December over paying makeup time?

De Marco (m): Yes.

Stone (m): Was there an occasion that the coats were improperly pressed, and when you told Mr. Ascola so, he started an argument and then said he was sick?

De Marco (m): Yes, there was a stoppage. That was in early January. I was going the rounds, and I looked at the coats on his rack, and said, "These coats are not pressed; they are not passable." He began arguing; then he said, "I feel sick; I am going home." I went to Mr. Waterman about it, and came back and the whole pressing room was out.

Stone (m): Was there a stoppage on January 27?

De Marco (m): I don't recall that.

Stone (m): Okay. Tell us your version of Mr. Ascola's discharge.

De Marco (m): At five o'clock I looked over the coats that had been done that day, and I thought there were thirty-two coats on which the fronts were not pressed. I showed Ascola the coats and told him the fronts were not done right. He said, "I will not do them over unless you pay me. I don't care!" Mr. Waterman came, and we tried to explain the trouble. Mr. Waterman then talked to him. Ascola said, "I don't care if I have to pull the whole pressing section out—the whole shop out, I will not do these coats!" And it wasn't so casual either that he said, "One fool after another."

Chairman: What happened to the coat fronts?

De Marco (m): We brought someone else in to do them, and I stayed around and we got them out.

Stone (m): That is our case.

Bellando (u): I want to bring up a few points about the stoppage on October 30. I am not taking Ascola's part right now; it's just the situation.

Stone (m) [interrupting]: Did Al say to you "I'll put the $143 that's in dispute in your hands"? Isn't that the point—how to handle such disputes?

Bellando (u): Yes, but when you work in a place, there are a lot of things you get to know that go against the firm. As much as I like Waterman personally, he has made a lot of blunders.

Waterman (m): Name one case!

Bellando (u): You waited six months to pay three boys.

Waterman (m): But I paid them. Nobody says we never have our differences.

Bellando (u): The boys were ready to fight, you waited so long.

Waterman (m): It wasn't any six months anyway; you exaggerate.

Bellando (u): Say it was three months—what's the difference; you didn't pay them for a long time! Then there was that 12½-cent increase we got in the last contract. Mr. Waterman wanted to check the contract. [To Waterman.] You told me you were going to write to New York. It took you three months.

Waterman (m): You are wrong there again!

Bellando (u): Another case: A fellow happens to be sick. Colds are going the rounds. You said that the man who doesn't come in on Wednesday cannot get time-and-one-half when he comes in on Saturday. Every other employer pays it. One boy had a vacation coming for several months. He only stayed until he got it; then he left.

Tonati (u) [interrupting]: It's not as bad as all that; don't get so hot under the collar, Eddie. We've done business with the firm for years; and we intend to continue good relations.

Bellando (u): Of course we do. Mr. Waterman and I are really good friends. Tomorrow I may even take him to dinner.

Tonati (u): Let's not get away from the issue. I am still going to be Mr. Waterman's friend, but darn it, I am going to hit him on the head. We came in here today to discuss the question of discharge of a certain Ascola. The man was discharged specifically for a comment he made during working hours. But today Mr. Stone takes a lot of dead cats out of the bag—a lot of things which I consider irrelevant. As business agent, I have leaned over backwards many times in dealing with the company because I do not like to see stoppages. If Mr. Waterman had any intention of discharging Mr. Ascola, he should have done it in the past when he had grounds to discharge the man, and not on the pretense of a remark.

Waterman (m): Have you ever asked me not to fire Ascola when I definitely spoke to you about the trouble he made?

Tonati (u): That is beside the point. As I was saying, haven't I also leaned over backwards in many instances? If one of our men, like Ascola, sometimes hasn't observed the contract, the firm has done likewise. We have had arguments. Mr. Waterman has a temper, and I have a temper too. But I know his nature pretty well by now; I can go to him now and talk with him. Believe me, there have been many instances that had it not been for my efforts, there would have been a strike. Both the firm and Ascola are at fault.

Chairman: Did you know about these stoppages?

Tonati (u): Yes, and they would have been more serious if it hadn't been for me because of provocations from the firm.

Waterman (m): Oh, we agree that things would have been worse since Ascola came if it weren't for you.

Chairman: I'd like to hear more from you about those stoppages.

Tonati (u): Ever since we have gone into civilian production, unfortunately the shop has not worked continuously. Mr. Waterman could not get materials. When there isn't plenty of work, everyone gets upset. They must earn a living. People get nervous and upset and there are bound to be alterca-

tions. Some individuals are told to come in. They work a while, and then there is no work. The foreman says to wait around—and naturally being shop chairman, it is Mr. Ascola's duty to see that these conditions are eliminated as quickly as possible.

Chairman: How about his troubles with his foreman?

Tonati (u): Insubordination is something I just don't believe of the man. He is not stupid!

Ascola (u): May I say a few words in my own defense? This talk that I tried to hurt the business with walkouts and insubordination is a falsification. I admit that on the day I was discharged I said, "I am not going to press those coats." I said other unpleasant things. I said, "I didn't care if the shop stopped; I am not going to press those coats." The picture is that I have been a disrupting influence since I have been chairman. But I showed Mr. Waterman four or five instances where I went out of my way to cooperate.

Chairman: I am interested in the stoppages that occurred when you were shop chairman.

Ascola (u): They talk as if there were stoppages only after I became shop chairman. On one occasion even while I was chairman, but was absent —January 27—there was a rampage.

I want to inject something here—it is serious. I think the firm has been playing politics against me. On the day of my election Mr. Waterman told two or three girls not to vote for Ascola. Later I said to Mr. Waterman, "Well, I don't think you spoke to enough girls before the election." On another occasion when Mr. Waterman was talking with the chairman of the pressers about pay he said, "You wouldn't get this if your friend Ascola were here." The firm has been playing politics! Several other times he has tried to win the people away from me.

Chairman: What about refusing to comply with instructions from your supervisor?

Ascola (u): I want you to know that every presser in there has had trouble with the foreman. Also the trouble is because we changed from army uniforms, which are easy to press, to civilian coats which are more difficult.

Stone (m): It's a question how such things should be handled, whether through the grievance machinery or the way you did.

Ascola (u): The stoppage on October 30 was not my responsibility. Are you going to pick on Ascola who was not chairman? As a matter of fact, some of the fellows felt that Waterman was acting too high-handed generally. There are a number of instances showing that the firm should be penalized—one man had $9 coming to him for months.

Waterman (m): He certainly didn't!

Ascola (u): Why did you pay him then?

Waterman (m): To get rid of you. It had gotten to the point where I found it easier to pay money than to have you around all the time.

Ascola (u): Why, there was the time when the war was over. I was told Mr. Waterman came around and said to the pressers, "I don't want you any more. You can all get out. I'm running my own shop now."

Waterman (m): That's a malicious lie!

Tonati (u): Mr. Waterman is right—there is no truth to that statement. Don't say things like that, Ascola.

Ascola (u): Well, that's what I was told. Everyone said that Mr. Waterman was a difficult man. Then there was also the question of prejudice. Mr. Waterman told me the day we went out to get the finishers, "If I had known who you were, I would never have hired you. But I found out too late."[1]

I told you about these times I tried to cooperate. I never ordered any stoppage. When I was discharged, the pressers wanted to go out. I said, "Men, go back to your work. You will only make my case worse."

Waterman (m): These instances you say I refused to pay money for two months; well there were differences of opinion and the workers got it eventually, didn't they? But after that stoppage from October 30 to November 12, when you came back, I gave you the money until such time as the union investigated the merits. I paid you $143. Have your officers ever checked the books? Have I gotten my money back?

Ascola (u): On one occasion you asked about it, and I said you were not entitled to it. Had you come to the union office and put in a claim, something would have been done.

Stone (m): Have you ever had trouble with any of your other men, Mr. De Marco?

De Marco (m): Without Ascola it would be an ideal shop. I get along fine with the others. I even go to their homes. We are friends outside the shop, even though I am foreman.

Stone (m): Is he tardier than most of the other pressers?

De Marco (m): I think so.

Stone (m): I would like to sum up. This is the first arbitration Mr. Waterman has had in six years, which speaks very well for his shop. I would not recommend to a client that if some worker once gets excited, that would be cause for discharge. We are all working for a living. But when we look at the over-all picture, we find a serious accumulation of grievances. The employer cannot be wrong all of the time. But whoever was wrong, there is a grievance procedure which should have been followed. Then if he had been wrong, Mr. Waterman would have had to learn the hard way. The union has a right to be wrong as well as the management. There either were stoppages, or there weren't stoppages. Our friend, Mr. Ascola, admits there were stoppages, admits there was a threat in connection with his discharge—"I don't care if the whole shop stops!" When you take that with a record of poor attendance and tardiness, in a shop which previously had harmonious relations, you have a case.

Tonati (u): There was one serious walkout over the vacation clause before Ascola came to the firm.

[1] There were rumors and suspicions that Mr. Ascola was of left-wing persuasion. Political speculations also revolved about him. He had become president of the pressers' local in the market during the seven months of his employment at the Hilton Company, and his name was prominently mentioned as a probable contender for the post of manager of the joint board at the next election.

Stone (m): I am talking about day-to-day things that make for production or nonproduction—not about major controversies. When you add up all these day-to-day things, Ascola is in a tough spot. Mr. Ascola wasn't fired because he was shop chairman; he was fired in spite of the fact that he was shop chairman. Mr. Ascola is no novice in unionism.

A shop chairman who goes above his boss in telling people what to do is going beyond his jurisdiction. A good shop chairman patterns his conduct according to the contract. I am only interested in the effect of his conduct upon production. We are all trying to do business under trying circumstances. If the workers are on edge, as Mr. Ascola and Mr. Tonati urge, management has reason for nerves these days too.

Ascola (u): I would like to have the cards of the other pressers checked on this issue of latenesses.

Stone (m): It is not good labor relations to summon the other workers in the shop. We should be happy to allow the chairman to visit the shop and talk to the people and check on the accuracy of our statements.

Chairman: I would like the company to prepare a brief for me and to give a copy to the union so they can prepare a rebuttal.

Tonati (u): I think the firm has made a mistake in what they say about tardiness. There is one individual who has been absent and late more than Mr. Ascola.

Stone (m): A man who is just late, you can put up with it—men are hard to get these days. But a man who is tardy among other more serious things—then I say we have had enough.

Appendix

The briefs submitted by the parties presented no new evidence, save the following table from the company brief and a comment on the matter of attendance in the pressing room:

Absence and Tardiness Record—Pressing Room

Presser	Days Worked Out of a Total of 147 Workdays	Days Late Less than 5 Min.	Days Late 6–10 Min.	Days Late 10 Min. or More	Total Late
Ascola	131	17	15	34	66
A	127	8	3	2	13
B	125	1	0	3	4
C	118	15	19	50	84
D	132	8	2	4	14
E	135	36	23	10	69
F	119	23	13	37	73
G	138	17	7	8	22

"Management should be ashamed of the punctuality record in its pressing department—four of eight pressers have a shameful record. The explanation that a shortage of pressers forced the company to accept this condition is but a mitigating factor. Perhaps one or more should have been fired for tardiness and the practice might well have stopped."

Discussion Questions

1. On the basis of the attached record, present an analysis of the situation underlying the discharge of Joseph Ascola. Focus upon the problems of shop relationships that seem to you important; and upon the behavior of the people involved, with concrete discussion of the factors elicited in the evidence you deem relevant for understanding their behavior.

2. If you were the arbitrator, what would be your decision? Give your reasons.

3. If you were the manager of the union's joint board seeking to curtail illegal walkouts, outline the program you would formulate for the Hilton Corporation (*a*) in the event that the decision of the arbitrator is for reinstatement, and (*b*) in the event that the decision upholds the discharge. Outline the steps you would take to introduce each of these programs.

KINGSLEY COMPANY

OVERTIME AND SENIORITY

On March 21, 1946, the Kingsley Company, a manufacturer of valves and fittings, concluded the first postwar agreement with the United Steelworkers of America. Collective relations between the parties began in 1939; their second agreement, signed in 1942, was continued with supplements until the end of the war.

During the last week in April, grievances arose regarding claimed rights to "Saturday overtime work" which were finally submitted to arbitration.

At the arbitration the following were in attendance:

For the Union	*For the Company*
T. Edward Taylor, Union Attorney, USA–CIO	Douglas L. Rogers, Works Manager
Stephen Salatti, Staff Representative, USA–CIO	Lee M. Buchanan, Personnel Director
Alfred Forman, Local President	
Michael O'Hare, Local Vice President	
Theodore Ellis, Thomas Wright, Lloyd Morgan, George Gibbs, Charles Dillen, James Kimball — Local Members	

Excerpts from the proceedings follow:

Taylor (u): The question involved here is whether the company can tell a senior employee to stay home when his department works on Saturday, and direct another employee with less seniority to work on that job. It has

always been the practice of this company to apportion all work available on a particular job, including overtime, on the basis of seniority. There has never been any question raised about this practice until this year. On April 15, 1946, the company issued instructions to their foremen changing this previous policy. They posted this notice in the shop:

NOTICE FOR SHOP EMPLOYEES

SATURDAY WORK

The contract between the company and Local 0000, covering shop employees, requires time and one-half for Saturday or sixth day of work. However, only those who have worked the first five days are entitled to the sixth day's work when it is available.

Therefore, if you have been absent of your own accord one or more days during the week, do not report for Saturday work. If you should be laid off during the week and called in for Saturday work, you will be paid at time and one-half.

Note that date: April 15. About three weeks before that our new contract came into effect. During contract negotiations, the company raised this very question about Saturday overtime. Management wanted the right to refuse overtime work on Saturday to workers who were absent during the week. We would not agree to it. We agreed to cooperate in cutting down absenteeism, but we would not accept any provision which would permit the company to abrogate seniority rights. The company's demand was not embodied in this agreement.

The company should not institute such a policy as its notice of April 15 inaugurated without union agreement. It is a change in previous working conditions. Changes cannot be unilateral. It is true that management has the right to manage, but those rights are subject to all the other provisions of the contract. It has been the interpretation of the seniority clause in the past that a person has a right to work on his job when it is available. The company made no allowance in its notice for the cause of absences during the week. So you see among the aggrieved, an employee who was absent because he had been hurt, another who had been ill, another whose wife had to go to the hospital. They were told by their foremen, "Don't come out on Saturday." If a man had stayed home during the week because he was drunk, he would be told the same thing.

Even if the company should contend absenteeism is a matter for discipline, they did not follow the proper procedure. They must show just cause for such discipline before the grievance machinery. In no case did they do this. "This is our new policy," they said, "and we are going to follow it."

Ellis (u): Back in 1938 this company used to lay a man off during the week and bring him in on Saturday. We didn't like that and got it in the contract that regardless of how many days you don't work during the week, time worked on the 6th day will be paid for at time and a half. All during the war that was the way we did it. Now though our contract reads exactly the same, they interpret it different. They said during the war they had to

take a lot; and now they are not going to. I was off one Saturday and they had another guy working in my place who had less seniority.

Taylor (u): Were you able to work on that Saturday?

Ellis (u): I even went to my department and took a witness to hear what the foreman would tell me. I had talked to Al Forman and he told me to take a witness to prove they sent me home.

Taylor (u): What was your excuse for being absent during that week?

Ellis (u): My wife had to go to the hospital for an operation. I thought the least I could do was to go with her.

Arbitrator: Mr. Taylor, are you distinguishing Mr. Ellis' reason for absence, or is it a general claim you are pressing in this dispute?

Taylor (u): If the company under the suspension and discharge clause can prove that an employee was deliberately absent for no good reason—if he just decided to go on a bender—we agreed that such employees are not entitled to work on Saturday.

Arbitrator: What if he stayed out to work in his garden?

Taylor (u): He would have to get permission to be absent; but if he got permission, then the company could not discipline him. However, it is up to the company to follow the disciplinary procedure and say "We are disciplining you for your wrongful absence."

Salatti (u): In our recent negotiations, this was one of the main issues we argued on. Finally we came to an understanding; we agreed that there were quite a few who made it a regular habit of going on a spree on Saturday and not sobering up until Tuesday. We have no objections to penalizing those individuals. But we have never agreed that a man who laid off a day for a just cause should be penalized by not getting the opportunity to work on Saturday.

Ellis (u): The first time I talked with Mr. Buchanan he said, "We are going to break that absentee business up." I said, "You'd better not do that the way you're doing it—by that notice." They tried it, but we didn't do what they expected us to do. To me, it looked like they wanted us to walk out.

Taylor (u): Did you notify the company that you wouldn't be at work?

Ellis (u): Yes. I was off two Saturdays—both for the same reason.

Taylor (u) [introducing Lloyd Morgan]: How long have you been employed by the Kingsley Company?

Morgan (u): I have worked here 25 years as galvanizer.

Taylor (u): You were told to stay home on a particular Saturday?

Morgan (u): That's right.

Taylor (u): What occurred during that week necessitating your absence from work?

Morgan (u): We were cleaning our galvanizing tank. We fill the tank up with cold, hard metal. I threw a piece in the tank and it hit the edge and struck the arch of my foot. It didn't bother me at first. Mr. Buchanan wondered why I didn't go to the company doctor. I didn't think it was necessary. That evening I couldn't stand on my foot. You can check with my

doctor on that. I asked my boy to report that I wouldn't be to work next day. The following day when I did come in, my foreman told me I couldn't work on Saturday. Another man from another department with less seniority was on my job.

Taylor (u): Any questions, Mr. Buchanan or Mr. Rogers?

Buchanan (m): I would like to comment that the company does have a doctor, and in company cases it would be best that the employee go to him. There is no evidence that I have seen that Morgan was injured. No one seemed to know about it. The foreman is there all the time and you would think he'd know about it.

Taylor (u) [introducing George Gibbs]: How long have you been employed by Kingsley?

Gibbs (u): Four years in November.

Taylor (u): Since the signing of this agreement on March 21, 1946, were you told on a Saturday, because of absence during the week, that you could not work?

Gibbs (u): Yes, three different times. The first time I had a sister in a hospital for a serious operation. She asked me to bring her husband and children in to see her. Sunday wouldn't do because the doctor forbid any visitors on Sunday. I reported to the foreman that I would take off Wednesday the following week. He told me it was all right. Saturday the department worked, but my foreman said, "There is no work for you. There is work on your machine, but because of your being absent you are not entitled to work."

The second case happened about 3 weeks ago. I was working and bumped my elbow. I reported to the foreman and he sent me to see the nurse. My arm was bothering me but I worked about a week before they got the doctor to look at my elbow. The doctor said they would have to give me lighter duty. The foreman did so, but my arm still bothered me. I reported to the foreman and he told me "If your arm is bothering you, go home." The doctor said I should have an X ray. That was the company doctor. Yet Mr. Buchanan told the foreman that I could not work on Saturday because I was not on my machine.

This week the foreman said I must go back on my machine if I wanted to work on Saturday. I went back last night.

Taylor (u): On that particular week when the X ray was taken, was there Saturday work in your department?

Gibbs (u): Every man but me worked in that department on Saturday. A trucker was put on my job instead of me.

Taylor (u): We are calling these witnesses just as evidence of company policy rather than as any specific case.

Rogers (m): There is no contention on the part of the company that such is not the case. It is company policy that those who have chosen to be absent of their own accord are not requested to work Saturday.

Taylor (u): I see no necessity for calling further witnesses. That's our case.

Buchanan (m): At no time have these employees been handled in a discriminatory manner. The notice of April 15 clearly set forth this policy: If an employee has been absent of his own accord, he is not called for Saturday work available in his department. I wish to point out, however, that if an employee is absent because his department was not scheduled or through some cause over which the company had control, then that employee will be called in.

The question of absenteeism was emphasized just last week to the union; we showed them that 77 people were absent on Monday as compared with an average of 35 people on other days. Monday is a particularly bad day. We have never been able to get the union to sit down and agree with us on what might be considered justifiable absences.

Mr. Ellis spent two hours in my office in an attempt to settle this grievance. We agreed fully that excusable absences would be sickness, death in the immediate family, and religious holidays as in our office agreement with the union. He asked also that if an employee were absent other than those days for any reason at all, he be allowed to work on Saturday once per quarter at straight time. The company was willing to make such an agreement.

But we explained that would be a change in the agreement between the parties. The president of the union and others—a total of six in number—officers and grievance men, present at that meeting were willing to agree to it then and there. But one officer stated that such an agreement should not be made without Mr. Salatti. The question was even taken to a union meeting and turned down.

Ellis (u): Buchanan gave me his proposal. I asked about all those days we had already lost. How about pay for them? I don't think we will ever get together on that issue. They said something could be arranged that the time be made up. I can't see how it can be made up. The time is gone.

Buchanan (m): On that particular point of make-up time, the company was willing to try; but the union didn't agree. Taylor wanted to provide another day's work within a certain number of months to make up any day "lost." Then the union said if the employee didn't get this offer within so many months, he would be paid a day's pay for the day "lost." We don't pay for time not worked.

Taylor (u): We drew a tentative agreement which I thought settled the case. It said that the union and the company declared it their mutual understanding first, that employees are entitled to overtime work on their job according to seniority.

Second, it was understood that where an employee is absent without good cause he may be disciplined for such absence by being laid off for overtime during the week.

Third, good cause for absence shall be the employee's own illness, the illness or death of anyone in the immediate family and religious holidays.

Finally on the question of back pay—those employees who have not been permitted to work on Saturdays since April shall be given such an opportunity in some department or shift other than their own to make up this time, if an

employee with more seniority does not object. The providing of such make-up work shall not deprive other employees of overtime work—I don't see how it could work. If not offered such make-up time by Labor Day, such employees shall be paid time and one-half for the days they lost. When I left I felt the matter had been settled, but the company rejected the proposal later. The union did not reject it.

Rogers (m): You have quite a basic question I think. The provisions of the contract regarding overtime specifically stipulate that it shall be at time and a half for over eight hours in one day, and time and a half for all time worked on the sixth day of the work week—not time on the sixth day *worked* of the week. In addition, the agreement provides that in making requests for overtime the company will recognize the right of an employee to decline overtime work.

Seniority provisions govern the placement of the individual, in accordance with his length of service, upon *regular* jobs and his right to hold *regular* jobs, provided that the reference to ability and seniority are observed.[1]

There has never been an obligation to offer overtime work at any time. Overtime is a special, and to the company, a costly request for work beyond the basic week. It has been the practice to offer overtime work only when it seems economically justifiable and necessary to pay the penalty of overtime. That's the practice.

On the matter of discipline—if you wish to call the taking away of normal rights on overtime that—you find employees with extremely poor records being laid off, even during the war, although anybody then hated to deprive a job of additional man-hours. Accordingly, when the charge is made that in posting the notice of April 15th, the company was unilaterally, and suddenly revolutionizing the interpretation of the contract, it is in error. The only interpretation you can place on our posting the notice was that on a uniform, nondiscriminatory basis everybody was renotified, so to speak, or uniformly notified that Saturday overtime would not be offered to those who had been absent of their own accord.

To be sure it has been the practice to give preference in all matters possible to the man with longest service. We do not wish to do otherwise. But in the case of absenteeism during the basic five days, the individual employee has himself forfeited his claim to overtime payment. He has voluntarily allowed others to take over his burden. Otherwise a tremendous rate of absenteeism could result. You could be paying time and a half for one day's work. It's economically prohibitive.

You stated, Mr. Taylor, that the company during the contract negotiations wanted the right to eliminate Saturday as an overtime day. I believe you would agree with me that the exact truth was we were most desirous of altering this overtime clause so that time worked on the sixth day *worked* in the work week would be paid for at rate of time and a half. The inclusion of the word "worked" was exactly what we wished. We wished not to abrogate

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[1] See Exhibit 1.

seniority, not to eliminate Saturday overtime. We wished only to include the one word "worked" so that the person who had missed one day would receive overtime after he had worked 40 hours. Am I correct in that?

Taylor (u): Correct. But that bears out my point. The company would be eliminating Saturday as a recognized day of rest.

Rogers (m): Not for the man who had actually worked his full week. But it's good to note that basically we agree. We both wish to curb absenteeism; and the company wishes to avoid the danger of excessive payment. A very reasonable provision, I think.

There are literally hundreds of employees who have requested the opportunity, because it suits their convenience and business needs, to work 40 hours during the week but not be confined to only the first five days of the week. That is why we feel we are not making this overtime matter a "disciplinary" measure. We have not considered that the absence of overtime is taking away the normal five days' work and so did not list it as a disciplinary measure.

After all, as the plant has operated since April, overtime is confined to a relatively small group. It is not as it was during the war—practically a plant-wide practice, and even seven days a week. Overtime is a minor part of the total program throughout the plant today.

The system, in calling employees in for overtime as it has been practiced since the April notice, is designed most specifically to avoid discrimination, to avoid placing the foreman on the spot, to avoid placing the grievance committeemen in the position of arbitrary judges. If you have 77 absences on Monday and varying numbers on each of the days throughout the week, sometimes running up to a weekly total of 300, it is prohibitive to place your committeeman and foreman in the position of being judges upon such cases throughout the plant.

I am sorry that Mr. Ellis said that, when instituting such a rule, the company wanted to provoke a walkout. I don't think you feel that way.

Ellis (u): Sorry, that was the way it looked to me. . . .

Rogers (m): We have had a difficult time at this plant, it goes without saying. The parties on the other side of the table might be privately sounded out on our relationships. We are glad to say, too, that we have had cooperation from the union. Management is not perfect. But I don't think they would give us cooperation if we had not attempted to do our share.

Buchanan (m): The company does not wish to rest solely on technicalities, but it is interesting that no objection was raised to the notice put on the bulletin board on April 15th at all by the union. A grievance was received May 7th, but at no time within the 3 weeks required by the agreement was any objection raised.

Rogers (m): I wish to amplify that statement. Sure there was comment —unfavorable comment. Most decidedly. And lots of it at the time, just as there would be unfavorable comment if the police department hereafter was going to police rigidly the parking meters and not allow us to slip over the permitted hour of parking.

Salatti (u): Mr. Buchanan, we really did object to that notice. In a meeting with Mr. Rogers and you, after you posted that notice, we stated our position. We told you that if a guy had been violating the rules to get time and a half only, use the contract. We are with you. But the way it is now, the company doesn't stop and consider these men who were off for just reasons. On top of that, in such cases they use men with less seniority on the penalized individual's job. It is contrary to the contract and so we feel these individuals should be compensated for time lost. It is absolutely true you have the right to operate the plant only five days. But if there is overtime available, the individual worker should be given his right to work overtime.

Taylor (u): Mr. Rogers admits that it has been the practice to give preference, as far as overtime is concerned, to those who have longest seniority. That admission is an interpretation of the contract. The notice, therefore, really changed the interpretation of the contract. We agree there is no obligation on the company to provide overtime to anyone, but, if overtime is provided, it must be provided in accordance with seniority provision and practice.

The company argued strenuously for inclusion in the agreement of the word "worked"—the sixth day *worked* in the work week. The contract was written leaving that word out, making the sixth day payable as such. I want to point out to the arbitrator that the contract states:

> An arbitrator . . . shall have jurisdiction and authorization to interpret and apply the provisions of this Agreement insofar as shall be necessary to the determination of grievances, but he shall not have jurisdiction or authority to alter in any way the provisions of this agreement.

If the contention of the company is accepted, the arbitrator would be inserting in the agreement the word "worked" which the company demanded and the union refused in the contract negotiations.

Rogers (m): You say that such a declaration would be a contract change. Quite the contrary. Management is not now saying that the sixth day *worked* should be paid at time and a half. You say that. Management is simply applying the contract as it stands. Management certainly did desire to alter the contract because we believed it would provide for better relationship throughout. Under the present contract we *are* paying penalty rates for any needed Saturday work, but *giving* it only to employees who worked the full basic week.

Let me go back a bit. I have had years of experience at this plant. We must recognize that for understandable reasons there were practices during the depression years which today I would not condone. They were *depression* measures. When the plant was working three days a week, when any department got work, whatever and whenever it came, the work got done. If it came on Saturday, it got done on Saturday at straight time.

Now I see the union point very well. I wouldn't have liked to work on Saturday myself when I could just as well have worked on Wednesday. Our people objected to that and had a right to. The background influences behind not including the word "worked" in the contract, so as to make sure

Saturday would be a time and one-half day, are many. But the worker should do his part. It is fair to expect him to work each week-day if he expects Saturday overtime. You must understand we have a small community and a fairly low turnover and memories last a long time around here. The most consistent objectors have that very thing in mind; they want to prevent the company doing the same thing again—saying, "No work today, but come back Saturday." We don't say that was smart management.

Salatti (u): It certainly was a needle.

Rogers (m): There was work to be done and if we could sell valves—well, you know the situation; we had to keep skin and bones together.

Salatti (u): The company used to lay off Monday and Tuesday—work Thursday, Friday and Saturday.

Rogers (m): True. We would not do that today. We wouldn't permit that practice today.

Arbitrator: Will you please clarify the point that seniority provisions do not apply to overtime?

Buchanan (m): The seniority provisions do not state that a person is entitled to overtime work in accordance with his length of service.

Taylor (u): No contract can cover everything. The only way to apply a contract which is silent on a particular subject is in accordance with past practice.

Regarding payment for past Saturdays lost, it is a basic principle of law, and I am going to be technical again, that when one party enters into an agreement with another and fails to meet its terms in any particular, the injured party possesses the right to claim damages. The damages in this case are the amount lost by the employee.

Buchanan (m): I call attention to the management clause:

> The management of the works and the direction of the working forces, including the right to hire, suspend or discharge for proper cause, or transfer, and the right to relieve employees from duty because of lack of work or for other legitimate reasons, is vested exclusively in the Company, as limited solely in this Agreement provided that this will not be used for purposes of discrimination against any member of the Union.

Rogers (m): After all, we seem to be disagreeing about the various ways of getting the same thing. We agree that good operations demand control of absenteeism. There is no basic disagreement as to the desire to recognize obligations. The union will recognize obligations. The company will recognize obligations; we have no wish to discriminate or arbitrarily to recapture or exercise powers not within our province. The company does not even wish to impose the slightest real hardship on any member of its working force.

The company is perfectly aware of the necessity of an individual being off from time to time; and we really regret that if a person is sick in bed he cannot come in to work additional days and make it up. But we are all seeking the fairest possible way according to the rules of the game.

Taylor (u): When a person is absent for good reason, the company does not suffer. He's not on a weekly or monthly salary. On the other hand, by

using senior employees on their job for overtime, the company benefits because the senior employee knows his job better.

Ellis (u): It looks like they are telling me how to live—from the time you enter until you are out of the shop. We never had to phone before when we were off.

Rogers (m): You are in the potato-chip business outside your job, aren't you? All right, suppose you are to deliver 400 bags of potato-chips at 4 o'clock. But you don't come around and you don't tell them you won't be there until 10 o'clock—what then?

Ellis (u): I have a system which takes care of it. But should we agree to things like Mr. Buchanan said? He said he was going to investigate every case to see if you were sick enough to be off work.

Every man has to work for a living. His job is what he depends on from pay to pay. We agreed that a man who does not care about his job shouldn't be in the plant. Why should they be so strict with us who are trying to make a living?

Exhibit 1

Kingsley Company

Pertinent Contract Clauses

HOURS OF WORK

Eight continuous hours shall constitute a day's work and forty hours will constitute a week's work made up of five 8-hour days worked starting 4:00 A.M., Monday thru Friday inclusive.

A day shall be defined as a consecutive 24 hour period beginning with the employee's individual starting time. Time and one-half shall be paid for all hours worked in excess of forty hours in any one week or eight hours in any one day. Time worked on the sixth day in the established work week shall be paid for at the rate of time and one-half. The seventh day worked in a work week shall be paid for at the rate of double time No employee shall be paid both daily and weekly overtime for the same hours so worked.

The company will, insofar as practicable, restrict work to the regular established basic work day and work week and the company agrees that in making requests for overtime work outside of the basic established work day or work week, it will recognize the employee's right to decline any overtime work provided that the employee proves his inability to work overtime.

SENIORITY

In all cases of promotion or demotions, length of continuous service and ability to perform the work shall be the determining factors.

In the reduction of forces (layoffs), an employee scheduled for reduction or layoff has the right to apply for and shall be eligible for any job occupied by an employee of less departmental seniority, provided that he has previously worked on that job at the top rate. By agreement of the company and the union, an employee may be placed in another lower rated occupation on which he has had no previous experience.

Length of service in the department shall determine which employee shall work the first, second and third shifts consistent with production requirements. Changes to other shifts can only be made in case a vacancy actually exists.

EXHIBIT 1 (*Continued*)

When working forces are increased after layoffs, all employees laid off shall be reinstated in the inverse order of their layoff, before any new employees are hired.

ADDENDUM

The following letter was received by the arbitrator several months after his decision was rendered:

Kingsley Company and United Steelworkers of America, Local 0000, jointly request your judgment concerning the grievance which arises in connection with the arbitration finding rendered by you. The company and the union agree to submit the following question and factual material mutually agreed upon. We further agree to accept your opinion as final and binding. The question to be decided is, "Should the three men, Alroch, Scott, and Smith be paid for Saturday, October 26, 1946?"

An exact copy of the grievance is as follows:

"We the undersigned being laid off the following dates—October 22, 23, 24. The reason of the lay off was on account of smoking in the rest room. So we complied with the foreman's orders and stayed out for the period of the three days, but we feel that we shouldn't be laid off for October 26, which was Saturday. So we feel that we paid our penalty and we should be paid for October 26.

(Signed) Joseph A. Alroch
John J. Scott
Harry B. Smith"

Factual material bearing upon the question is as follows:

1. There is and has been a plant rule that there shall be no smoking in lavatories during working hours.
2. This rule has been known to all employees of the department concerned.
3. The rule has been enforced.
4. A foreman found these men smoking.
5. The foreman laid them off for the succeeding three days, which were Tuesday, Wednesday, and Thursday.
6. The men have not complained of an injustice in this disciplinary measure.
7. The foreman notified these men Friday that they were not entitled to work at time and one-half on Saturday, as they had been absent for reasons within their own control during the week, and they did not work
8. The men presented the foregoing grievance which was accepted and answered.
9. The foreman maintained his prior position and added, "This comes under the question which is now awaiting an arbitrator's decision."
10. Your decision was received shortly thereafter.
11. The grievance has been properly processed through the several steps to the point of requiring decision of an arbitrator.
12. No make-up time or pay has been offered to these men.

Position of the Union. The union contends that the men are entitled to payment for Saturday, October 26. The union argues for this position stating that the men were kept from working during the regular work week because of an act of the company.

Position of the Company. The company refuses to pay these men for Saturday, October 26. The company holds this position because the men were out of work during the regular work week as a direct consequence of their own action. Under the regulation prevailing at that time, they knew that they would be, and they were automatically not called in for the extra day.

The parties request your decision.

Discussion Questions

1. Evaluate the posted notice of April 15 from the viewpoint of (*a*) what you think the management was trying to achieve in the situation; (*b*) Mr. Taylor's arguments in terms of these managerial objectives; (*c*) the concrete results as evidenced in the dispute, and (*d*) what changes, if any, you would recommend in management's policy for attaining its objectives.

2. Compare the management's explanation of this notice with the union's interpretation of it and the workers' reaction to it. How would you characterize the type of thinking underlying each response?

3. On the basis of this case, what would you say are focal components in reconversion from war production?

4. Would you consider "penalty overtime" an adequate description of the wage policy discussed in this case?

5. How would you decide the dispute if you were arbitrator? Indicate the reasons for your decision.

6. How would you decide the supplementary grievance presented jointly in the letter of March 7, 1947, regarding layoffs and Saturday overtime?

CONTINENTAL PRODUCTS COMPANY

THE ABILITY FACTOR IN SENIORITY

When management at the Lockridge plant of the Continental Products Company promoted Robert Long to a vacancy in the job of first-class fireman, another employee, Henry Schwab, entered an immediate protest. The union backed Mr. Schwab's claim to the promotion. When joint discussions through the grievance machinery failed to achieve a settlement, the complaint was submitted for final decision to the umpire under the agreement.

The following were in attendance at the hearing:

For the Company	*For the Union*
Edward Jennings, Assistant to Vice President for Labor Relations	David Macmillan, Staff Representative
Jefferson Paxton, Labor Relations Director, Lockridge Plant	J. L. Goodwin, Shop Steward
Geoffrey Evans, Steam Engineer	Henry Schwab, Complainant, Second-Class Fireman
	Floyd Mason, First-Class Fireman
	Frank Howard, Second-Class Fireman
	Ray Julian, Second-Class Fireman

Macmillan (u): Mr. Umpire, our contract provides for promotions according to seniority when (1) ability to do the work and (2) physical fitness are relatively equal. The company has violated the promotion sequence in not promoting Schwab to first-class fireman. The company claims he is not capable of doing a first-class fireman's job. But the man *has* been doing the

job for a number of years, during vacations, for men out absent, and right now. We have witnesses here to prove that Schwab has done and can do the job. I would like to call upon Schwab.

Schwab (u): This week with men on vacation, I am pushed up to first fireman. The foreman helps me once in a while, but I put on the boilers Monday and Tuesday all by myself, no help at all. On Monday we had to come up for more steam. I had to put 40,000 pounds on, and later 50,000. I raised it up to 50,000, with no help. Tuesday it was the same. I had to put the boilers on in the morning, and I did it with no help at all. I had 50,000 on, and they called up to reduce it 10,000. I reduced it 10,000 without any trouble. During the whole war I was considered good enough to fire the boilers in vacation time. Yet when the job as first fireman was coming up, they still refused me.

Macmillan (u): I would like to call on Frank Howard, another second fireman. How do you feel about his ability for promotion to first-class fireman?

Howard (u): The company let him work a hundred and some shifts as first fireman. He was first fireman during the war, and it seems as though then they surely wanted to keep the plant going. They seemed to feel they could trust him. But when the promotion came along and it was his turn as senior man, they turned it over to a younger man named Davis. Davis resigned later, and they still wouldn't give Schwab the job. They gave it to another younger man, Long. I don't think that either one of these junior men was more capable than Schwab. Schwab had more experience in firing than either.

When the job first became vacant, Schwab wanted to know why Davis got the job. Everybody thought that Schwab would get it. One of the foremen said that Schwab's name was on a schedule to take this job as first fireman. But after he talked to another foreman, he took Schwab's name off and put Davis on, a younger man. That was told by a foreman who knew it positively.

Schwab was told to put a grievance in, and one of the boys got the grievance form and wrote it up for him. After he wrote the grievance up, another foreman came to Schwab and told Schwab that he would be better off to let the thing drop because if another vacancy came up they probably would give it to him, and you know how it is, "If you go through with this grievance and get the job, you don't know whether they will cooperate with you or what." So, Schwab dropped the grievance. After Davis quit, they promoted a younger man still. Then Schwab put the grievance in.

Macmillan (u): Mr. Goodwin, you are the shop steward, and handled this case in the first steps of the grievance procedure?

Goodwin (u): Yes. Schwab told me that they had put a junior man over him. So, we went to see Mr. Evans [steam engineer]. I asked him why he wouldn't give Schwab the job, and he said he just wasn't capable. Mr. Schwab said, "I would like to have a grievance then." I filled one out.

The foreman stated on the grievance that Schwab wasn't capable—after he *had* handled the job for I don't know how many times. I took it to Superintendent Dewey, and he put on the grievance form that Schwab may become

able to handle the job. This is what Superintendent Dewey wrote in his disposition of the grievance in Step 2: [reading from the photostat] "Mr. Schwab has a good record as a faithful employee, and with additional training, may in the future prove acceptable as first fireman."

Management kept repeating that in the third and fourth step meetings. But we feel Schwab has proved he can handle the job; in fact, he has handled it many times. I know he is capable of handling the job. I have been second fireman when he has been first fireman, pinch-hitting for someone on vacation.

Macmillan (u): I will now call on Floyd Mason, first fireman. Mr. Mason, did you ever see Schwab slip in any way in performing as first-class fireman?

Mason (u): Never.

Macmillan (u): How long have you worked in the boiler house?

Mason (u): Since 1937.

Jennings (m): Have you worked at any higher rated positions than first fireman?

Mason (u): Yes, filling in for foremen when they are on vacation.

Jennings (m): Did Mr. Schwab ever work as the first fireman on any shift that you worked?

Mason (u): Yes.

Jennings (m): On how many shifts, do you estimate?

Mason (u): I never kept a record. I wouldn't be able to say exactly.

Jennings (m): You say you have filled in as foreman?

Mason (u): That is right.

Jennings (m): On some of those occasions Mr. Schwab worked for you?

Mason (u): That is right.

Macmillan (u): Next I would like to call on Mr. Julian. How long have you worked as a second fireman?

Julian (u): Ever since 1937.

Macmillan (u): Do you feel that Mr. Schwab has the ability to be a first-class fireman?

Julian (u): I do, without a doubt. He has done the first-class duties as good as any other man over there. None of us are perfect. But he can handle the job just about as good as any of them.

Macmillan (u): You are sure he can hold the job as well as the two employees who have been promoted over him?

Julian (u): I am.

Jennings (m): What is your opinion of Mr. Long?

Julian (u): Long is a good boy; he does a good job. I couldn't put a knock against the boy. Of course, he is just learning too. He hasn't the experience that Schwab has. Schwab was fireman for the army at Camp Maraneck before he came to Continental Products. So, I think he really has more experience.

Macmillan (u): That is all I have at this time, Mr. Umpire.

Jennings (m): There is no dispute that Schwab has more service than Mr. Long. The issue is one purely of relative ability to perform the work. I

would like to call on Mr. Evans, the steam engineer. First, tell us the function of this boiler house.

Evans (m): The function of the boiler house is several-fold: to supply steam for process work, to supply potable water for the town, to supply water for the mill, and to supply fuel oil for the entire mill for heating.

Jennings (m): Can you describe the boiler house equipment?

Evans (m): We have two 75,000-pounds-per-hour Air City boilers, equipped with automatic combustion control, five fuel oil pumps, two fuel oil storage tanks, three 5,000-gallon mill circulating water pumps, four 2,000-gallon industrial water pumps, a cooling tower, nine deep wells for supplying potable water and boiler water, an iron removal system in connection with the water supply, a chlorinating station in connection with the potable water supply, and all appurtenances.

Jennings (m): How many men are scheduled per turn at the boiler house?

Evans (m): Four, including the foreman, when the boilers are operating.

Jennings (m): What are the classifications of the other employees?

Evans (m): First fireman, second fireman, and oiler. The first fireman's prime duty is to operate his boilers safely and efficiently. He has to maintain the correct water level. He has to adjust his automatic combustion control. He sees that the proper chemicals are fed to the boiler on schedule. He sees that his auxiliaries, which are under the direct control of the second fireman, are operating correctly. The second fireman sees that his fuel oil, flow and fresh water pumps, and his forced induced draft fans are operating properly, subject to the automatic combustion control.

Jennings (m): Is the first fireman responsible for seeing that the second fireman performs his work properly?

Evans (m): No, because the first fireman remains on the firing floor, and the only supervision he can give the second fireman is through indicating gauges on the second floor.

Jennings (m): How do you rate the abilities of Mr. Long and Mr. Schwab?

Evans (m): On routine duties they are probably equal. On duties outside of routine, I would select Mr. Long because he is more stable emotionally. We can't ignore the fact that Mr. Long can take and give information over the phone, which I do not believe Mr. Schwab can do with the same ability. Mr. Schwab gets excited and stumbles over his words.

Jennings (m): Is it necessary in the course of the work to give and take information over the telephone?

Evans (m): Frequently.

Umpire: Will you give an illustration, please?

Evans (m): They are not too frequent. But here is one illustration: From our mill circulating water system we had removed a gate valve on a centrifugal pump. For some reason the motor driving that pump failed and the check valve failed. Consequently, the pump ran backwards. The man in charge had to call us up and find out how to get his system back in normal operation. That is a specific example. We have had many. They are not too frequent, but they have occurred and will continue to occur.

Umpire: You used the words "emotional stability" in comparing the two men. Can you elaborate?

Evans (m): On one occasion Mr. Schwab was censured by his foreman for entering readings on a log when the equipment to which the readings pertained was not functioning. He attempted to strike his foreman with a bar or piece of pipe. I later talked to Mr. Schwab. He admitted that he had done so. But he said he couldn't give a reason why he did it. I have talked to Mr. Schwab on many occasions before I was his supervisor; and it is my opinion that Mr. Schwab has always felt that the world was against him. [Mr. Schwab muttered under his breath epithets at Mr. Evans. Mr. Macmillan put his hand on Mr. Schwab's shoulder to quiet him.]

Jennings (m): Mr. Long would be the more stable, the more self-reliant first-class fireman in case of an emergency situation?

Evans (m): Yes.

Jennings (m): What sort of emergency situations might you run into?

Evans (m): They vary. Probably the most serious one would be a failure of feed water through the boilers. It can damage them extensively in a matter of three or four minutes.

Jennings (m): Is it your opinion from your experience that Mr. Schwab tends to become very excitable when something outside of the routine occurs?

Evans (m): It is.

Jennings (m): What has been your experience in the same connection with respect to Mr. Long?

Evans (m): I know definitely from observation that when things go wrong, Mr. Schwab apparently loses all contact with his job for some time. Undoubtedly the same things have confronted Mr. Long. I haven't observed them myself, but from general observation over several years I am sure that Mr. Long would react much better.

Jennings (m): Do you know whether Mr. Schwab has been found on occasion to sleep on the job?

Evans (m): He was recently found asleep. It was not a case of falling asleep. He had laid out prone and had gone to sleep.

Jennings (m): Is it essential that the first fireman be alert at all times while scheduled to work?

Evans (m): Absolutely.

Macmillan (u): What job was Schwab doing when he was found asleep?

Evans (m): He was second firing at the time.

Macmillan (u): No responsibility?

Evans (m): Certainly. The second fireman is responsible for any equipment that is operating on his floor.

Macmillan (u): Is Mr. Schwab the only one that ever slept in a boiler house?

Evans (m): Absolutely not.

Macmillan (u): While Schwab was first-class fireman, was there any time that he could not handle the job? On vacation relief, sick relief, and such occasions?

Evans (m): I know of no specific occasion, no.

Macmillan (u): He did the job perfectly, as far as you know.

Evans (m): That is right. That job is more or less routine as long as things are running all right.

Macmillan (u): I would like to note here that in the minutes of step 4 meeting, the company states "that Schwab has filled the first fireman position without mishap on a number of shifts." They haven't brought out anything here that really shows he cannot be a first-class fireman. Indeed, right now he is a first-class fireman, who has been serving in that capacity through the vacation period.

Jennings (m): So far as filling vacation vacancies is concerned, you can move up a man who doesn't have the ability to qualify on a regular basis. You keep him under close supervision. But when you promote a man to a responsible position such as first-class fireman, you don't expect to have the foreman by his side all the time.

Macmillan (u): Isn't there always a foreman on that job who is responsible for the first-class fireman, the second fireman, and also the oiler?

Jennings (m): Certainly. But even so, if a man served as first-class fireman on a regular basis, you would expect him to be able to hold up his own end. Supervision doubts that Schwab has the emotional stability to perform the job properly under emergency conditions or conditions not routine.

Julian (u): Floyd Mason was acting foreman once when Schwab was firing during a bad storm. Just the two of them were on. Schwab was left on the floor while Mason had to go downstairs to take care of the auxiliaries. Schwab handled his end all right during that emergency.

Evans (m): I might also point out that the regular first fireman is called upon on occasion to act as shift foreman.

Umpire [to Julian]: You say there was an emergency during that storm?

Julian (u): Yes, during an electrical storm we get kick-offs from the auxiliaries. Naturally if something kicks off, it puts the fireman in trouble. He has to take care of his boilers, shut his oil off, and so on.

Evans (m): That becomes routine after a certain time. It has happened many, many times.

Macmillan (u): Mr. Umpire, the company has given no proof to show that the man hasn't the ability. They can't give any.

Umpire: They are making part of their case his emotional instability and propensity to get overtense in emergencies.

Macmillan (u): But they haven't shown any specific failures. Julian just cited one in which Schwab took care of an emergency.

Umpire: Is there anything else either side wants to bring out on this?

Howard (u): May I add something? I was first fireman and turned down a foreman's job. I know the capabilities of the men who are first firemen now. The first firemen that they promoted over Schwab, Davis or Long, they just couldn't leave in charge of the boiler house as a foreman, and they never did. If a foreman was to be off on their shift, they had to change around or double

another foreman over. So, there is no difference in that point between the men that they have there now and Schwab.

Umpire: How about this excitability, this emotional instability?

Howard (u): I'd say the man who has the job now is just as excitable as Schwab. On one of the longest kick-offs we ever had, Foreman Burke was on and Schwab was the first fireman. Schwab went through that emergency and came out on top. His foreman said he did swell.

Umpire: When was that?

Macmillan (u): It was just this past summer. I worked with him and worked under him and worked myself. When we have a kick-off, we have to move fast. That was especially so when the whole mill depended entirely on those two boilers. Since then they have put in a 16-inch steam line and there is not such a big rush to get a boiler on or off. In an emergency no one ever went around real calm as if they were taking a vacation. I wouldn't say they were excitable; they were anxious. But now it is different because you have waste steam that can help to hold the load for you. Schwab fired the boilers up there even when we used to have to plug the gas regulators open with blocks of wood. They wouldn't work automatically.

Umpire: Did Schwab himself do that operation?

Howard (u): He worked up there a hundred and some days, during the war. They could trust him up there then. Seniority requires that the man be given a chance; and, if he can't hold the job, then they can take him off. But give him a fair chance.

Jennings (m): I would like to call Mr. Evans concerning Schwab's performance.

Evans (m): I can recall one occasion several years ago when I was acting foreman, and we had some difficulty. I wanted Mr. Schwab to shut off one of the pumps and throttle back on another one. The details are a little hazy, but I know that Mr. Schwab could not function and I had to do the work myself to get it done promptly.

Macmillan (u): You say that was several years ago. Don't you think he has accumulated a lot of experience and ability since then?

Evans (m): After these things happen so many times, it should be routine —nearly anyone can do it. But we want as first fireman someone who can think for himself, realize what is happening when it's an emergency, and go ahead and do what needs to be done.

Macmillan (u): Hasn't Schwab been doing that on the number of turns that he operated as first-class fireman?

Evans (m): Even on routine things, there was one occasion when he attempted to put on a 2,000-gallon pump. He had done that operation many times. This time he didn't do it correctly, and the net result was that the pump was practically ruined. That was just a case of not paying attention. He had done the job many, many times.

Macmillan (u): Isn't that true of any junior man coming onto a different job?

Evans (m): He wasn't a junior man on that occasion. It was one of his duties as second fireman.

Macmillan (u): You are trying to tell us he doesn't respond well as a second fireman?

Evans (m): Just say he doesn't respond. He is incalculable.

Goodwin (u): Did any of the other firemen ever make a mistake like this you are citing against Schwab, that caused damage to equipment?

Evans (m): Certainly they have made mistakes.

Goodwin (u): You can't expect this man never to make mistakes. Couldn't it be possible that your instructions weren't clear enough for the man to follow them out?

Evans (m): That is quite possible.

Jennings (m): In summary, management has acted entirely upon its estimate of the relative ability shown by Schwab and Long. Certainly Schwab possesses more experience, but he cannot utilize the experience when it is most needed. He is excitable by nature, the unfortunate victim of strange and unpredictable mental lapses, and evidence of his emotional instability appears in his record. Because of that, the management is firmly convinced that he would be a poor risk as a first fireman; and it refuses voluntarily to assume the responsibility of promoting him where failure in an emergency could endanger the safety of others and of himself and could result in serious damage of expensive equipment which is vital to the continued operation.

Even if we grant that he has functioned adequately in some emergencies, there still must be weighed against that, Schwab's failures and the fact that he is very excitable. At times he may react properly, but there is also a substantial risk that he will react irrationally or fail to respond at all. That is a risk which the management does not feel obliged to assume.

Macmillan (u): Mr. Umpire, may we recall that management has admitted that all firemen have some record of mistakes. They have failed to prove against Schwab any more than other firemen; none of them go around quite cool and collected when an emergency arises. They know how much depends on their boilers—for the safety of the men and the protection of the equipment. Schwab has been a good and faithful employee. Management has given him many temporary assignments as first fireman. But they say he needs more training. Those who work with him disagree. The union asks for him his guaranteed seniority rights.

Discussion Questions

1. What factors does the union stress as relevant in deciding Schwab's ability for the position of first fireman?
2. What factors does the management stress?
3. How would you evaluate their relative merits?
4. Assume you are the arbitrator, and write your decision on this case.

MERRILL MANUFACTURING COMPANY

AN IMPASSE OVER SENIORITY

I

The Merrill Manufacturing Company manufactures small products used in a variety of electrical equipment. For one product the company constitutes one of few sources of supply. Until the time of the difficulty recorded in this case, this article always went to customers with whom Merrill had established uniform specifications regarding types, sizes, and quality. The Carlton-Wheeler Company, a newcomer to the field, requested the Merrill Company to supply this item, but with quality specifications better than those generally required by the trade.

The Merrill management determined that the quality item required could be selected with careful inspection from regular production runs. A group of special inspectors, however, would have to be set up, each member to be instructed regarding the standards to be met. This posed the problem of additional expense. The cost problem for the extra inspection was submitted to Carlton-Wheeler executives. They readily agreed to meet the additional expenditures and their order was accepted.

Merrill thereupon prepared to put its program into operation. With the industry expanding, management foresaw that it might have to meet further problems involving "extra quality specifications." If the program of the special inspectors proved successful, it might provide a method of flexible production adjustments. Management accordingly proceeded to plan carefully the organization of the special inspection group. Inspectors normally worked on inspection lines next to the production lines. The supervisor of inspection, John Brooks, demonstrated that the special inspectors could not continue their new work at their established locations without impeding the flow of regular work. Therefore, a "special inspection room" was outfitted, adjacent to the warehouse.

Mr. Brooks chose from among the regular inspectors 36 girls, 12 to a shift, for the special work. Since the isolated location would make regular supervision impracticable, he gave careful consideration to individual ability. Although the union contract provided for seniority, management conceived the proposed shifts as only temporary departmental assignments. Nonetheless, seniority was taken into consideration, and the selectees were girls of relatively long service. Fearful, however, that the older women might find transfers back and forth from regular to special work a more difficult adjustment to make, Mr. Brooks restricted his choices to the younger inspectors. The selections completed, each girl was interviewed by Mr. Brooks and the personnel manager, George Ashley. The following interview with Rose Townley, one of the special inspectors, was typical:

Ashley: Good morning, Rose. I thought it would be a good idea if we had a little talk before you went to the special inspection room, so you could understand exactly what we will all be trying to do.

Rose: My friend, Cathie Grey, told me a little about it after she talked with you and Mr. Brooks.

Ashley: It's nice you and Cathie are being transferred together; Mr. Brooks told me you've always been friends. Of course, you understand the company didn't especially plan to transfer girls who were friends. You have all been selected on the basis of your ability, seniority, and aptitudes for moves from special to regular work, and back, as the new program demands.

Rose: Oh yes, we understand that. We're all pretty good friends. After all, Centerville isn't like a big city. We know each other, most of us, outside of work too. Naturally I may like one person more than another.

Ashley: Of course. I know you've worked under Mr. Brooks long enough to understand that the inspection department always expects careful work. But in the special inspection room, you'll have to be even more careful. I'm sure Mr. Brooks has gone into this aspect of your transfer fully with you. He tells me each of you learned from him the four features of our product on which you must especially concentrate. There's no use in repeating these technical matters which he can give you more expertly. I want to talk with you about other aspects of your special work.

Rose: Yes, Mr. Brooks explained all about the special inspection. He said we'd get a couple of days' training, too.

Ashley: Yes, that's right. We want to make sure that you all understand this transfer is a purely temporary arrangement. You'll be in the special room until this order is finished; then you go back to your former places on the regular inspection line.

Rose: We won't lose on our department seniority, will we?

Ashley: Indeed, no! I want all you girls to understand you continue in every way employees of our regular inspection department—on special temporary assignment. You continue to cumulate seniority; you get the same wage rates; you will share in any benefits the company may negotiate with the union. In the same way, you won't receive any special privileges as a result of your special work. You are quite clear about that, aren't you?

Rose: Yes, we see that. We often watch for some special things in the regular runs too, when Mr. Brooks asks us.

Ashley: Exactly. It just seems more efficient to plan for special adjustments, now that the company may be getting new customers with new specifications. Of course, it's to the benefit of all of us to satisfy new customers just as we have always satisfied our old ones.

Rose: I guess all of us want to get all the work we can.

Ashley: That's the spirit—and the company wants to give you all regular work at good wages. You know that! So we'll try to get the new orders and when they come, you girls will be ready to leave the regular inspection lines when necessary, and do special inspection.

Rose: Who will do *our* jobs on the regular lines while we're in the special room?

Ashley: We shall transfer girls from production, on the basis of seniority and ability. They'll hold the jobs until the special order is finished. Then

you'll come back to your regular place, and they'll go back to production. Do you see how it will work?

Rose: Yes, I do now, I guess.

II

The special order took a little over six months. During that time the average monthly quit rate in the regular inspection department was 4.1; none of the special inspectors quit. Absenteeism at the regular inspection lines averaged 6.8%; in the special inspection room, 2.3%. Although Mr. Brooks was able to make only occasional supervisory visits, on each occasion he was impressed with the high morale among the special inspectors. They worked with gusto; he saw them coming and leaving in chatting, laughing groups. The Carlton-Wheeler Company expressed satisfaction with the product.

During the fifth month of this period, Mr. Ashley made a visit to the special inspection room shortly before the end of the first shift. A mild influenza epidemic had been felt in Centerville, and the employees had been circularized with a bulletin of precautionary measures. Mr. Ashley decided to take the occasion for a meeting with the special inspectors. Excerpts follow:

Ashley: I'm glad of this chance for a little talk together. I suppose you've heard that the company doctor thinks it very important for everyone to stay home at the first sign of a cold. A day home will protect you from real infection and safeguard others, too. So remember, even if a number have to be out, just stay home till the sniffles are over. We can send in a few substitutes from the regular inspectors if necessary. You girls can train them yourselves. It may not prove necessary to use them; yet it might be a wise precaution to prepare a few substitutes for emergency.

Catherine Grey: Oh, no, Mr. Ashley, we wouldn't want that!

Rose Townley: We don't want new girls sent in here.

[Several voices together]: We'll make out. We don't need any substitutes. We'll get out the work!

Ashley [surprised]: But it was just an idea for safeguarding you all.

Rose Townley [more quietly]: Well, we appreciate it, all right, but we're young and strong, and we'll manage.

Betty Barton: Some of us just have had to be absent before this, but we never let the work suffer.

Rose Townley: You see, we always work out ways to meet things by ourselves—like when Anna Kowalski had to take her mother to the dispensary. Well, we didn't want Anna to lose time—they've had a lot of sickness—so we worked in the lunch hour. The eleven of us easily made enough to get Anna her day's wage.

Ashley: Well, I guess I didn't really hear that. You know the company cannot have you girls working during the lunch hour. I must order you not to do that again.

Catherine Grey: Well, Rose, you spilled the beans that time. But Mr. Ashley, really, it didn't hurt us a bit; in fact we all felt better for doing it.

Rose Townley: Well, all right, next time we can ask permission, but it just goes to show you we can make out. We were off here by ourselves, and we didn't want Anna to lose money or the company to lose the work. We didn't think it would hurt anybody. But if a batch have to stay home now, why couldn't the rest of us come in Saturday?

Ashley [smiling]: Well, there's a law about that, too. You'd have to get overtime.

Rose: Even at that, I don't think the company would lose money. New people are never as fast as we can be. Anyway, if there's a flu epidemic, there might be other absences and you'd find it hard to get substitutes.

Ashley: Well, it was just a suggestion, and we wouldn't want to force anything on you. I guess you would make out, at that.

Grace Miller: Gee, that's swell! [Other approving exclamations rang through the room.]

Ashley [to Grace]: Why, Grace, what are you doing here? Or am I wrong in believing you were second-shift inspection?

Grace: You have a good memory, Mr. Ashley.

Rose: Look at her blush! Well, I guess Mr. Ashley knows the shift on which we belong. Mr. Ashley, Grace is our first blushing bride of the special inspection room.

Grace [laughing]: Rose is ahead of the times, Mr. Ashley. I'm just engaged.

Ashley: Well, congratulations. And is the lucky man one of our Centerville boys?

Catherine Grey: We even claim him as a special inspection room romance. You see, Grace is engaged to Betty Barton's brother.

Betty Barton: And all the Bartons are glad too! It began at one of our theater parties. You see, we girls got to know each other pretty well these past months. And we've had lots of fun together outside—dances, and theater parties, and things like that. We all even spent a weekend together once in New York. We really have awfully good times together.

Rose Townley: That's how Grace came to change shifts. [Teasingly.] She needs time to doll up after work—and evenings for dates with the boy friend.

Rose: So we got permission to change shifts from Mr. Brooks. We change shifts whenever something comes up. But Grace changed for good with Anna Kowalski. Now that Anna's mother is sick this gives Anna the morning to get her kid brothers and sisters off to school and clean the house.

Ashley: I can see you *have* made out, as you say.

III

Some six weeks later the order for Carlton-Wheeler was completed. Mr. Ashley suggested that he and Mr. Brooks meet with the special inspectors. They read to them extracts from letters sent by the Carlton-Wheeler Company affirming Merrill's success in meeting the extra quality specifications. Now, the executives informed the girls, they would be transferred back to their

former positions on the regular inspection lines. But they could expect to receive a call to return to the special inspection room as further "special orders" came in.

About three weeks later, Mr. Brooks appeared in Mr. Ashley's office, obviously perturbed. The following conversation developed:

Brooks: Well, here's a surprise for you! You won't believe it, but things seem to be going haywire with the special inspectors!

Ashley: Whatever in the world has happened? We seemed to have worked out just about the perfect setup there.

Brooks: It gets me down that I learned of it through the union. Not that we don't get along with the union boys, but I pride myself about knowing what goes on in my department before they do.

Anyway, it seems Rose Townley finally went to Bill MacIntyre, the shop steward for the inspectors, with what she called "a grievance" for all the special inspectors. They all claim they should be on one regular inspection line. They persuaded Mac, too, apparently. If we want the right to move them between the regular lines and the special room, we owe them some privileges too; that's what Mac told me very seriously. They even feel they should have special seniority rights.

Ashley: But we made that clear right from the start. Every one of them agreed she'd have no special rights—that they'd go back to their old places. I suppose you told all that to Mac.

Brooks: I did—and a lot more, too. I drew charts showing him a special line for the special inspectors would disrupt the whole department. We placed those women on different lines according to their aptitudes on certain products, and we schedule the work that way. But Mac seemed impressed by the spiel the girls gave him; I gather Rose is quite active in the union and has a considerable following. But Mac's going to have trouble if we move those regular inspectors too. I warned him he'd better watch Mrs. McKenna and her side-kick, Mary Hammond.

Ashley: You mean McKenna will make trouble if she's "bumped" to make a place for the special inspectors?

Brooks: Well, I wouldn't be a bit surprised. She is always crabbing—but she's a good inspector too, always 100%. She thinks she's very good, too, and I know she's been pretty sour over not having been chosen as a special inspector. I was in a tight spot explaining we chose younger girls—McKenna's over 40. I've seen her and Townley having it out hot and heavy several times already. We're in for trouble, George, and I wonder what we should do next.

Ashley: At least we're absolutely solid in our position. We've planned this thing carefully; we explained matters at every step to the girls; we prepared them from the start that they simply couldn't ask for privileges. We're right, and they're wrong, and we'll just have to stand pat. The whole thing amazes me. Those girls seemed such a thoroughly fine lot—really square-shooters. Whatever happened?

Brooks: I wish I knew. Those girls are no fools—especially Rose

Townley and Cathie Grey. They generally are pretty fair and square too; I suspect they went to Mac rather than me because they know I could hand them back their own statements about no special privileges. I just can't understand where things went wrong. We planned it all so carefully; everything seemed to be working out just as we wanted it.

Ashley: Well, we'll have to see about it, but don't give an inch on the main issue.

Brooks: Mac told me those 36 girls were long-service employees and good union members. If the company couldn't grant such a simple request in return for their fine work, he said he would have to put the whole matter before their president, Lloyd Parsons.

Ashley: Well, why don't you ask Lloyd Parsons and Mac in for a talk—take the initiative. Parsons is usually a pretty level-headed fellow. Coming from the outside he may see the whole problem with us.

IV

Mr. Brooks arranged a meeting with Messrs. Parsons and MacIntyre for the same week. In the meantime, Mr. Ashley asked Mr. Brooks to get all the data that seemed relevant concerning Mrs. McKenna and Rose Townley. The record revealed the following:

Mrs. Agnes McKenna had been an inspector for 14 years; she was now 44 years old. She was a member of the union since its entry; before then she had three times led protests against rate adjustments when new products had been added. Mrs. Mary Hammond, eight years with the company, had been placed opposite Mrs. McKenna when promoted to inspection and had remained Mrs. McKenna's "work partner." She was seconding Mrs. McKenna in the current disturbance, just as she did in most shop matters. Both women, but particularly Mrs. McKenna, were considered "money-hungry" by the other employees. The husbands of both women had steady jobs.

Mrs. McKenna was known to be lazy except when there was an opportunity to make money. She and her husband lived in a one-room furnished apartment because, it was said, she refused to "slave" for anybody unless she got paid for it. Her personnel record showed she had lived for 12 years on a farm, acted as nurse to an invalid relative for 4 years, and had several jobs as a housemaid for well-to-do families during the next 10 years.

Mrs. Hammond was 17 at the time she was hired at Merrill. She had previous experience only as salesgirl in the five and ten, where she began working upon receiving her working papers at the age of 14. She had learned quickly at Merrill, had always carried a high efficiency rating, and had been promoted to inspection from assembly. She was married two years later, when she was 19, but continued to work to get a "start." At times she had intimated an intention of quitting. Her husband, classified 4F shortly after his induction into the armed services, had been discharged.

Rose Townley had come to Merrill upon graduation from high school. Like many of the younger employees, she entered the shop during war-production days; moreover, in the small town of Centerville, Merrill offered a large

proportion of the jobs available to girls who had both to work and remain with their families. Rose was known to be devoted to her family, and proud of her gifted younger brother. Although engaged, she was determined to work to finance him through engineering school.

Not only in her own home, but in the shop and in the small-town circles, Rose was a person of many close ties. She was very "popular"; fellow workers of her own age turned to her when problems arose, and she proved resourceful in helping friends. She had considerable skill in planning "sociables" both in the shop and the union; many outings, parties, dances, and during the war, "relief" and similar activities seemed to originate with and be "managed" by her. Mr. Brooks considered her one of the department's best workers; her output records proved her both quick and accurate. She had seven years' service in the department.

V

When the union officers appeared for their scheduled appointment, Mr. Brooks had ready the seniority records of the department and other relevant data. When they left, he dictated the following summary of the discussion to present to Mr. Ashley:

Brooks (m): I don't mind telling you, Lloyd, this whole thing surprises us. Management played fair and square with the girls, and every one of them agreed to go back to their regular places when the order was finished. We can't understand why the union backs them up on a thing like this. It doesn't seem right.

Parsons (u): Just a moment, Mr. Brooks. I understand you expect to send them back to the special room any time you get an order requiring extra quality. It might be even worth your while to keep them together on a single line in the regular runs. That's all they ask; it's not much in return for what the company gets from the arrangement.

Brooks (m): Well, maybe it doesn't seem so much, but we've thought this whole thing through from the start, and any such scheme would disrupt the whole department.

Parsons (u): Well, how do you figure that? Rose Townley says all those girls are long-seniority employees. And you considered them able—you chose them. They have some rights in such a transfer. Rose feels it will really hurt things if their group is broken up.

Brooks (m): But look here, Lloyd. If you bring up seniority, just remember that there was no obligation on us to consider seniority at all. There was nothing like a transfer. We were simply getting up a special arrangement to meet a special production problem. And certainly you recognize that the more orders the company can fill, the more steady work we have for our employees and your members.

Parsons (u): You say you didn't have to consider seniority at all, but maybe you should have considered it—you'll certainly have to consider it now. If you *had* considered it, we wouldn't have this problem on our hands now. Seniority always means a lot to the union, and if you shift around our

members you're going to hear about it. We put great store on seniority, and we can't permit our members to suffer any infringement on their job rights.

Brooks (m): But, Lloyd, you're really on the wrong track there. This was purely a production problem. You know the older women would find it harder to shift back and forth from regular to special, and back again.

Parsons (u): Well, seems like the young inspectors aren't so flexible either.

Brooks (m): I wish I knew what it really is. I'm sure it's not flexibility. Those girls, I don't mind telling you as we told them, did a fine job in the special room. And they have been doing their usual satisfactory work now on the regular runs. Nothing went wrong on our planning; the results show that. But somehow they feel entitled to special privileges, although they agreed at the start there would be nothing like that. That's what you've got to help us show them they just can't ask.

MacIntyre (u): But the company must have taken seniority into some consideration. Rose tells me everyone of that special group is a long-service employee.

Brooks (m): Surely the union isn't going to kick if we did more than the contract requires about taking seniority into account. Remember, this wasn't a question of promotion, or rehiring, or even transfer. It was just a production adjustment in one department.

Parsons (u): Well, as soon as you considered seniority, the union had a right to be consulted. Maybe if you had called us in we could have helped avoid this trouble.

Brooks (m): But look here, Lloyd; the very fact that older women aren't as adaptable shows we couldn't make seniority a controlling consideration.

Parsons (u): Well, to the extent you did consider it, couldn't you give it equal weight in meeting the demand of these girls for a single inspection line? That would simply recognize them as a special inspection group. It isn't very much they're asking.

Brooks (m): No, we couldn't—and for two reasons. As I told you, it would simply disrupt the whole department production-wise. Then, secondly, once we admit seniority in such rearrangements the girls would have to give way to many senior inspectors. The longest service employee among the special inspectors had 8 years. In the regular group there are inspectors with 9 years, 10 years, and so on. Agnes McKenna has 14 years, and she's already warned me she won't let anybody bump her.

MacIntyre (u): Say, just between us, she's always griping.

Brooks (m): I know just what you mean, Mac, and generally I too would be inclined to listen more to Rose Townley than to Agnes McKenna. But this time Agnes is right and Rose is wrong. In fact, I can't understand what got into Rose. I'm sure the other girls would follow her lead, and apparently she's been the one pressing this demand for them all. It just isn't like Rose to go back on her word—and that's what it is.

MacIntyre (u) [quickly]: Well, Rose is just expressing what they all feel. They all want to work together in the regular room too. I know; they're after me all the time.

Brooks (m) [smiling]: Oh, you needn't defend Rose to me, Mac. I like her too. But in this thing she's really all wrong. Look what we'd be up against. Every inspector on those regular lines has been chosen for her particular position. That department functions well, and naturally the inspectors develop aptitude by sheer experience in handling the products that come to them. Take 12 girls in each shift out of their places to put them together in a special line and there'd be chaos. You know how those things go; let us transfer some girls, and soon we'd be swamped by requests for transfers. Other girls would want to work next to their friends, or next to the door, or away from the windows. Everybody would find some good reason why she too should be somewhere else.

How would management decide? If we put it on seniority, those special inspectors could be bumped by the older women. Just study those seniority lists I've drawn up. And would you put it beyond Agnes McKenna to demand the right to "bump" one of those girls off the special line, if we set one up for them? You know Agnes. Why, you'd be in for trouble in the union, just as much as we would in the department.

MacIntyre (u): But why should we let Agnes . . .

Parsons (u) [interrupting]: Just a minute, Mac. Mr. Brooks has something there. I didn't realize the special inspectors had less seniority than the regular ones. The way Rose talked, I felt she was sure that seniority was on their side. And do you know I really think she believes that. Why don't we go back with these lists and talk some more to the special inspectors? These facts will show Rose that she's wrong.

Brooks (m): I'll be glad if you do. Rose should appreciate the facts once she sees them this way.

Parsons (u): I can't help saying once more, Mr. Brooks—and don't think I'm just rubbing it in—that if the company had called the union in, we could have warned you seniority would rise sooner or later. You'd have done better to choose on straight seniority; maybe those older women had a right to the special assignments.

Brooks (m): But remember it was purely a production problem, Lloyd—no promotion, no extra pay, no special privileges, no transfer out of the department, nothing like that. Flexibility was the main thing.

Parsons (u): Well, even if we had had these charts and what you've told us, we could have put Rose—and the others—straight when they first brought up their demand. If management only wouldn't be afraid to call in the union—at least for consultation.

Brooks (m): Well, Lloyd, we get along pretty well together; and you know management simply must keep its right to manage. We've got to be able to make the adjustments our schedules require. We'll be glad if you help us straighten this out.

Parsons (u): It's a mess now; Rose is pretty het up about the special group's rights in the matter. And with Agnes pulling on the other side—well, we just can't let ourselves in for a general "bumping" demand. I think you're right on that: to give those girls what they're asking might harm the

whole department, and get into the union too. Well, the facts now are certainly clear, and we'll show these seniority lists to the girls.

VI

Two days later, Mr. Parsons informed Mr. Brooks that he had been unable to persuade the special inspectors that their demand was unwarranted. Shortly thereafter, Bill MacIntyre came to see Mr. Brooks. He said things were getting "more tangled up" every day. Now the regular inspectors wanted "a showdown" to see just where they stood. Everybody was talking "seniority" to him. The two men agreed to arrange a conference at which spokesmen for each side would meet with Messrs. Brooks, Ashley, Parsons, and MacIntyre. When this conference convened three days later in Mr. Ashley's office, Rose Townley and Catherine Grey were present to speak for the "special" group; Agnes McKenna and Mary Hammond for the "regular" inspectors. The following discussion took place:

Ashley (m): I'm glad we're all having this chance to talk this situation out. I'm sure we'll work things out together.

Parsons (u): Mr. Ashley, we're sure, too, that all of us here will be able to straighten this trouble out.

Agnes (u): There'd never have been any trouble if some people's heads didn't get too big for their hats. I don't know why some people feel they're so much better than anybody else they have to work off by themselves.

Rose (u): Now, Agnes, let's not get personal. It's just a matter of our rights. I brought the union contract along and if you don't mind, I'd like to read the seniority clause so I can show you just how we girls look at it: [She reads from the contract.]

(1) Seniority is defined as the length of an employee's service in a department in respect to length of service with the company.

(2) The purpose of seniority is to help establish, with ability, a jointly recognized policy of preference as to promotion, demotion, layoff, and rehiring

(3) In the event of such promotion, demotion, layoff, rehiring, the company and the union will take into consideration departmental seniority and ability, and when ability is relatively equal, seniority will prevail.

(4) In the case of an employee-requested transfer, seniority shall be retained in the employee's regular department until six months' service in the new department has elapsed, at which time accumulative service in the new department shall become effective and shall cancel seniority in the old department.

(5) In the case of company-ordered transfers, seniority shall be effective as of hiring date.

(6) An employee temporarily transferred to any department other than his regular department at the request of such other department shall continue to cumulate seniority in his regular department. When such employee is requested to return to his former regular department he may refuse such request without any penalty other than the loss of departmental seniority in his former regular department.

Rose (u) [looking up from the contract]: We girls feel we have very plain rights by these terms. We didn't ask to be transferred to the special room; the company transferred us. Now we were in the special room a little

over six months. That means by Section (6) we can refuse to return to our regular department without any penalty except loss of seniority in that old department. But by Section (5) on a company transfer, we have seniority as of hiring date. So we have the right to demand that we be kept as a new department, with seniority in it as of our hiring dates. And that's all we ask.

Brooks (m): Well I'm glad to get your ideas, Rose, and I will say you've built a plausible case. But those were not the terms of our bargain, were they? Didn't each of you agree that this was a temporary arrangement, and when the order was finished you'd return to your former places?

Rose (u): Maybe we did, Mr. Brooks. But after all, none of us knew just how this thing would work out. And I'm sure the company wouldn't want us to give up our rights under the contract just because we didn't realize all that would be involved.

Brooks (m): I don't think I quite understand. You still belonged to the inspection department, all the time.

Rose (u): But that's just it, Mr. Brooks. We didn't. I mean maybe you'd call us only a subdivision of inspection, but we did become something new. We are not permanent on the regular runs; the company may have to send us back to the special room at any time.

Catherine Grey (u): We just feel as if we are a new department. That's why we want to stay together.

Agnes McKenna (u): Well, just a minute, if there's any new department formed, we have the right to bid for promotions under the seniority clause. I have 14 years' seniority, and Mary here has 8.

Mary Hammond (u): That's what I say, too. I have more seniority than you, Rose, if there are any privileges. Agnes and I have always worked next to each other, and we could just move to the special line together.

Parsons (u): That's right, Rose. But it's not even quite like you say, Mary. Agnes has 14 years all right, but there are girls with 9 and 10 years who have a right to bid before you, Mary.

Rose (u): But under Section 3, seniority prevails only if ability is equal. Now, we don't say we girls have more ability than any of the rest. But for these special assignments Mr. Brooks, and Mr. Ashley too, said the company needed girls who could be flexible. Flexibility then becomes a factor in ability under Section 3, and counts over seniority. And it's a company-ordered transfer, as defined in Sections 5 and 6.

Brooks (m): There's really no transfer. Transfers are from one department to another, but this concerns us all *in* inspection.

Rose (u): But it's a sort of new subdivision. You told us, Mr. Ashley, that we would make a group to whom special orders could be given. Well, we're going to have a regular inspection department and a special inspection department.

Ashley (m): But we also explained, didn't we, that the program couldn't work unless you girls returned to your regular places? And if we transfer you, how could we refuse to transfer other girls for still other good reasons?

Rose (u): But we ask transfer for a good production reason. We're a special inspection group.

Agnes (u): If you ask me, you're just a special bunch who got a notion you're better than the rest of us. You stick together all the time; I guess it's your dances and parties that are in your heads.

Catherine (u): Agnes, you just are mean sometimes. What has dancing got to do with our work in inspection?

Mary (u): Well, Agnes is right. You all look down on us who weren't able to go to high school like you.

Rose (u): Now, you're being silly, too, Mary. Why Anna Kowalski didn't go to high school, or Jean Holbrook, or Nancy Burke. Anyway, what has all this got to do with special inspection?

MacIntyre (u): Yes, let's stick to the issue.

Agnes (u): Well, I have 14 years' seniority, and no one is going to bump me, I can tell you. No one is going to push me around, whatever fine words you throw at us from the contract!

Rose (u): But the company defines what goes into ability in every situation, Agnes.

Ashley (m): Exactly, Rose; and you agreed with us that the special work made no extra requirements.

Rose (u): But none of us knew how things would develop, Mr. Ashley. You said we did good work; you wanted flexibility; that was part of ability for this transfer. Anyway, it did turn out to be a real transfer; you will have to send us into the special inspection room when new orders come in. That's why we think it will work out for everybody's good if we're kept together on a special line.

Parsons (u): Well, now that we have heard just how you girls on both sides feel about it, maybe it would be a good idea for Mac and me to talk it all over with management.

[The girls thereupon left.]

Brooks (m): Two stone walls for us, I guess.

Parsons (u): Anything we do means trouble now. Rose worked up quite a case, didn't she?

Brooks (m): She certainly did; there's a regular lawyer for the union, Lloyd. But she's just all haywire. I didn't want to argue it too much with her before Agnes and Mary, and put her in the wrong before them. There's friction enough already in the department, I'm afraid. I just can't understand how Rose can get things so twisted.

MacIntyre (u): I don't blame Rose and the others if they don't like Agnes and her set. Agnes always tries to boss the younger girls. Maybe they are trying to get away from her tongue.

Parsons (u): Maybe; but somehow I feel it's more than that. Agnes has a real case in this dispute. But where I part company with Mr. Ashley and you, Mr. Brooks, is that I think Rose has a real case now too. It sounds like my theme song, but I'm convinced you should have called the union in at the beginning. We would have urged you to give prime weight to seniority.

And I can tell you right now, that we shall demand a stricter seniority clause in our next agreement.

Brooks (m): Good Lord, you won't hamstring us more than we are already, will you? You know, I think if Mr. Ashley and I had a meeting just alone with the special inspectors, we might straighten things out. I didn't want to show up Rose's arguments before the others.

Parsons (u): We showed her your seniority lists but that didn't budge her.

Brooks (m): I'm afraid to let things go on this way. That department's fast getting demoralized. I think a meeting with the special girls might bring them around. I'd like to try it anyway.

Parsons (u): Mr. Brooks, I really think this is union business now. Seniority is a strong union principle. Now that seniority has become the issue, it is we who have to straighten it out. We must make sure those girls all understand what's involved. And frankly we'll have to make sure the company gives the fullest possible weight to it.

Ashley (m): Well, Lloyd, the company has to insist likewise this is a production problem, not a seniority issue. If seniority safeguards job rights, our ability to bring in more orders safeguards jobs. I hope you'll see we're in this together. Well, let's all sleep on it tonight. Suppose you draw up a list of concrete, detailed suggestions on next steps—and we will too. Then we can come to a decision tomorrow.

Discussion Questions

1. Give in detail your diagnosis of the disturbance that arose over seniority in the inspection department of Merrill Manufacturing Company.

2. Interpret and evaluate the behavior of the people who play focal roles in the situation. Support your answer by reference to the evidence presented in the record, noting particularly the sentiments that seem to weigh most with the union officials, the management executives, and the leaders of the special and regular inspectors. Do you think management executives or union officials involved realized fully the nature of the disturbance confronting them? Explain your judgment of them on this aspect of the situation.

3. If you had been a member of the management at Merrill responsible for follow-through on the Carlton-Wheeler order, at what point would you have been quite sure, on the basis of the behavior of the special inspectors, that there would be difficulties when the order was terminated? Why?

4. Assume that you were called in as a consultant by the Merrill Company. What would have been your advice: (*a*) if you had been called in upon receipt of the order from the Carlton-Wheeler Company, regarding the planning of the program and the objectives to be sought in each of the conferences with the inspectors and the union; (*b*) if you were called into the situation as it is at the end of the record, regarding its handling from then on?

HOPEDALE MINING COMPANY

WRONGFUL APPROPRIATION OF COMPANY PROPERTY

I

Charles Dykeman, a handy man at No. 8 mine of the Hopedale Mining Company, was formally discharged on July 8 for having taken home on June 9 and again on June 12, without permission, company materials for his own use. On June 15, Mr. Dykeman was suspended "until further notice"; and, on July 8, twelve days after an informal hearing by management, Mr. Dykeman received written notice of his discharge because "there was no evidence brought out to refute the fact that [he] appropriated company material for [his] own use." Within 24 hours, the Hopedale local of the Ore Miners Union (CIO), of which Mr. Dykeman was a member, filed a grievance in his behalf under the contract with the company as follows:

> The union is appealing the discharge of Charles Dykeman. It protests his unjustified discharge for a minor infraction of the company's rules and requests his reinstatement with full seniority and all wages lost.

II

On the same day that Mr. Dykeman was discharged, Edward Truslow arrived at the office of Roger Goodnow, who was manager of the company's industrial relations at Hopedale, as his newly appointed staff assistant. Mr. Truslow had just graduated from a college of commerce, where he specialized in labor-management problems. He was asked to investigate the basic facts leading to Mr. Dykeman's discharge and to recommend suitable procedures to prevent the recurrence of such cases.

Mr. Truslow found living conditions in Hopedale favorable. Although small, the miners' homes were well built, mostly of brick, and pleasantly situated with neat, well-kept yards and numerous vegetable gardens. Community life seemed cooperative and wholesome. About 98% of the working population was employed by the company. Union members and management personnel were well acquainted, called each other by their first names, and often took part jointly in civic affairs.

In proceeding with his investigation, Mr. Truslow noted that the miners, almost to a man, felt that the company had been unjust in discharging Mr. Dykeman. They also resented what seemed to them a changed attitude in management with regard to the personal use of materials. As the case moved up the various steps of the grievance procedure,[1] the union continued to insist that Dykeman's failure to get materials passes was a minor infraction for which discharge was too severe a penalty. Management officials repeated, in turn, their contention that all employees, including supervisors, were

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[1] There were four steps in the grievance procedure. Any grievance not settled under Step No. 4 of the procedure set forth in the contract might be appealed to arbitration by an impartial umpire appointed by mutual agreement of the parties.

required to obtain a pass before taking material away from the mines and that Dykeman's discharge was proper.

After all steps in the grievance procedure had been taken without resolving the difference, the union stated that it would resort to arbitration. Mr. Truslow had not participated in any of the grievance proceedings; but, when he learned that on the basis of past experience several months might elapse before the case was heard before an umpire, he was fearful of the possible dangers inherent in such delay. He therefore proposed that another try, perhaps through an informal joint meeting, might be worth while. Both management and union officials, though skeptical, agreed to make another effort to settle the dispute "across the table," and consequently requested Mr. Truslow to serve as moderator.

III

The meeting, which was held on August 30, was attended by the following representatives:

For the Company	*For the Union*
Edward Truslow, Assistant to Roger Goodnow	Vincent Palmer, Local Business Agent
Joseph Monahan, Manager of Mine Operations	Charles Dykeman, Complainant
Carl Wagoner, Superintendent of No. 8 Mine	Sam Stockmeyer, Miner (open pit)
William Kenney, Captain of No. 8 Mine	Andre Mario, Miner (No. 8 mine)
Frank Maytag, Shop Foreman	
George Readdy, Chief of Guards	

Palmer (u): Dyke, suppose you start us off by telling us again just what happened on June 9.

Dykeman (u): Well, it was this way. You see I had one piece of angle iron that I got out of a scrap pile; it was not new angle. I had it bent and welded, but before my working hours; I was scheduled on the night turn. And when Bill Kenney saw Eric Kronich and me making it up,—Eric is a welder in the shop, Mr. Truslow—he said, "Who's that for?" Eric told him it was for me. Bill said, "Dyke, you better get a pass for that." I asked Bill to give me the pass but he said "No, you'll have to get it from Carl Wagoner." Well, he wasn't there and when we quit in the morning I didn't see him, so I just took it along. The other piece of angle that the company guard later found in my yard I did not get from the mine.

Truslow (m): That was your own? You brought it with you to the mine?

Dykeman (u): Yes, I brought it with me. Well, I didn't find Carl Wagoner so I didn't get a pass for that angle iron. Then Saturday night, June 12, I got the steel sheet. I had asked Bill Kenney about a sheet. He

said, "How big?" I told him the dimensions—about 4 by 6 feet and ⅛-inch thick. He said, "That's too much. You'll have to see Carl Wagoner about that." Well, again I looked for Carl Wagoner, and I couldn't find him. But there was the week-end for working in my yard, and I asked Eric Kronich would he help me about the sheet. There were sheets piled up, old ones they used to cover up stuff. I pulled one aside and said, "This will do." It was a 1/16-inch sheet. I wanted a ⅛-inch but they didn't have it. Lunch hour I threw it in the car and took it home.

Palmer (u): You didn't take the whole sheet, Dyke, did you?

Dykeman (u): No, it was a piece cut off. Kronich cut it off for me. And the next Monday, Bill Kenney says, "Wagoner wants to see you, Dyke." I went to see him and Wagoner said, "What business did you have in the shop?" I said, "I was up in the lunch hour. I came up for oil." Then he wanted to know about this angle stuff. After I told him just how it was, he said, "Dyke, I'm going to make you take tomorrow off, and let that be a lesson to you. You know you must not take stuff home without a pass. And you had no right to cut into Eric Kronich's work time. Take tomorrow off."

Well, on Tuesday when I was off I went out in my back yard and saw Bill and also George Readdy, the chief company guard, drive up. I had the sheet standing alongside my garage. I didn't hide it. George got out and was looking at it. He said, "Where'd you get it, Dyke?" I said, "Where do you think?" He said, "Where's the angle iron?" I took him over in the field where it was laying and showed it to him and said, "There's one; the other belongs to me." He said, "Dyke, are you going to tell me where you got it?" I told him, "Sure, I got it at the mine." Then he left.

Palmer (u): Then you were dismissed until further notice?

Dykeman (u): Yes.

Palmer (u): Tell Mr. Truslow how many years you have been working here.

Dykeman (u): Nine years.

Palmer (u): Now, Mr. Truslow, I just want Dyke to tell you in his own words why he feels maybe he deserved that one-day suspension Carl Wagoner gave him—but to jump from that to discharge—well, go ahead, Dyke.

Dykeman (u): Well, Mr. Truslow, you're still new here, but I know all the fellows will tell you—and our bosses will, too—that the company from way back has let us have such scrap materials to use in our houses and yards and such things. We've been talking about this thing and so you probably have already heard that as far back as any fellow can remember, we were taking scrap iron and steel and lumber and things like that. I used to be in the paint shop when I was first hired, and plenty of times I even gave the bosses sort of left-over paints in the cans. I remember once I even gave Mr. Wagoner some light buff paint. That is, I gave it to Bill Kenney *for* him.

Monahan (m): Now just a moment, Dyke. That isn't the whole story, is it? Isn't it also true that at least since the war, and so for most of the

years you have been working in the mines, no one was allowed to take anything away unless he got a materials pass okaying it?

Dykeman (u): Well, yes, sir; the company put that in some time in 1942. That was just after the union came in. But they weren't really strict about passes as regards scrap. Of course, passes were more important on some other things.

Truslow (m): Now let me be sure I have you straight on that, Mr. Dykeman. Do you mean the fellows make differences between things they feel it's O.K. to take even without a pass, things they have to have a pass for, and things they shouldn't take at all?

Dykeman (u): Yes, sir, and any of the fellows will tell you the same thing. I remember one time when two guys took off some dynamite caps, and the company discharged them the minute it all came out. Why the union never raised even any idea of making a grievance out of that. And we all thought the same way about it, even though those two guys were our buddies. We felt bad about it, of course, but we had to admit they did wrong. After all, dynamite is dangerous stuff, with kids around in the yards at home. Then it was wartime, and the FBI could even come into a thing like that.

Truslow (m): Yes, Mr. Monahan has been going over with me the discharges in the past for taking company materials. [To Monahan.] They confirm Mr. Dykeman, don't they? Two fellows were, as I recall, discharged for taking dynamite caps, weren't they?

Monahan (m): Yes, Dyke is okay on that—as far as *that* goes. But you were told by your captain, weren't you, Dyke, that you were not to take away the stuff you wanted, the angle iron and steel sheet, unless and until you got a pass from Mr. Wagoner?

Dykeman (u): Yes, sir. Bill Kenney told me that and I did try to find Carl Wagoner; I just couldn't.

Monahan (m): Did you really try very hard, Dyke? And remember it wasn't only one order you simply disregarded. I never have any trouble finding Carl Wagoner, when I want to see him. You couldn't find him somehow Wednesday, or Saturday either?

Dykeman (u): Well, sir, you're the boss and you can keep looking for him. But I had to get back to my work.

Monahan (m): You weren't so worried about that when you took Eric Kronich off his job to bend your angle iron, were you?

Dykeman (u): But that was before my shift began.

Monahan (m): But while *he* was working. But come back to the question of passes. Granted you tried, really tried, to find Carl, as Bill had told you to—and couldn't. What made you think the alternative was simply to cart off the stuff without the pass?

Palmer (u) [interrupting]: Well don't think I don't want Dyke to answer that question, Joe. But with Mr. Truslow new here, and trying to help us settle this case fairly, can't we all lay our cards on the table? Dyke—and the union—agree that some stuff should never be taken without a pass. And you will support what Dyke said, won't you? No one in the union ever

protested those discharges. But why discharge Dyke for something that you must admit you've never before been so strict about? Sure, the fellows know that since 1942 the company has required passes for scrap materials. But can you say that no one ever took anything off without a pass, when he knew it was scrap and he'd get okayed anyway, and he just couldn't find his captain at the time?

Monahan (m): There are just a few things wrong with that in Dyke's case; it doesn't quite fit, Vince. You see Bill Kenney had already refused to give Dyke passes—though of course Dyke didn't bother to ask him first. Bill caught him working on the angle iron with Eric Kronich.

Dykeman (u): Well it sounds bad when you say Bill "caught" me. I wasn't doing anything lots of the fellows don't always do. You make it sound like a crime, or something.

Monahan (m): Well, Dyke, lots of people would tell you it is a crime to take property that doesn't belong to you, and a man's work time that you don't pay for, without permission; and when you've been told outright by your captain not to.

Truslow (m): Were you quite sure in your own mind, Mr. Dykeman, that you were simply doing something the company had tolerated for many years?

Dykeman (u): I want to be honest in this, Mr. Truslow, and I can see now I wasn't right in everything. But as far as taking the scrap is concerned, well I'll just leave it to Mr. Monahan and Mr. Wagoner and my own captain here. Was anybody ever discharged for that?

Kenney (m): Dyke, didn't I tell you the steel sheet you wanted was too big for you to take off on my okay?

Wagoner (m): Since when is an 8-foot long steel sheet scrap around here?

Monahan (m): How did you get that sheet from the mines? Tell us, Dyke. Tell Mr. Truslow.

Dykeman (u): Well, I asked Bill for a ⅛-inch sheet. He said, "That's a big sheet, you better . . ."

Kenney (m) [interrupting]: I said 6-foot was a big sheet, too. So you go and have an 8-foot one cut down.

Dykeman (u): I found it stacked up with other stuff. It's always been all right; but I admit that after Bill told me, I should have waited to get a pass. You see I was building a trailer, and I wanted to work on it. And I did think that there was a good chance Carl Wagoner would say O.K. on the angle iron and the steel scrap, too.

Monahan (m): How did you get that sheet home, Dyke? Did you try to have anyone else take it home for you?

Dykeman (u): I did not.

Monahan (m): You didn't talk to one of the materials handlers about taking that sheet home?

Dykeman (u): No. [Pause.] Well—yes. Just a minute! I know what you're getting at now. Tony Vespaziani and I were kidding in the

lamp house about taking the sheet, and I says, "Well, I can take it home in the truck." And he says, "You better not." So he went down the hole, and that's all there was to it.

Monahan (m): By "the truck," you mean a company truck? You must remember Mr. Truslow isn't onto all our mine lingo yet.

Dykeman (u): Yes.

Monahan (m): How *did* you take it home?

Dykeman (u): On the side of my car—set it on the running board.

Monahan (m): When, Dyke? We want Mr. Truslow to have all the facts in your own words and with your own explanations.

Dykeman (u): In my lunch period.

Monahan (m): Is it customary for you to drive home—four miles each way—between three and three-thirty in the morning?

Dykeman (u): Well, no. But I've already admitted during my hearing that some of the things I did may not have been quite okay. I didn't complain when Carl Wagoner said I'd have to lose a day's pay for them. I could see maybe I had that suspension coming to me. I didn't complain to the union or anything. Of course, I began to suspect something more was up when Bill Kenney and George Readdy came to my house the next day. But I didn't try to hide anything; they'll tell you that. So why was I suddenly discharged when I came back from the "day-off" Carl had given me?

Kenney (m): Of course you had that steel plunk up against your garage wall, Dyke. You couldn't quite hide it.

Dykeman (u): But I had told you I took it before. And I showed George the angle irons, didn't I?

Kenney (m): Yes, but . . .

Palmer (u): I think maybe the best way to show Mr. Truslow the reason the union agrees with Dyke that his discharge, really capital punishment for a mine employee here, is excessive and discriminatory, is to hear now from some of the old-timers about this business of materials and passes. Mr. Stockmeyer has worked in the mines over 25 years. How about taking company property for a fellow's own use, Sam?

Stockmeyer (u): Well, you take around garden time, until this incident it was a regular thing for an employee to help himself to a shovel and take it home. I know quite a few employees took them home in front of the captains. They'd joke about it. Your captain might ask "Where are you going with that, to dig garden?" And I know one supervisor who ordered two dozen from the storeroom. He said, "We'll need two dozen. I only need six at the mines, but by the time the boys get around to dig garden, we'll only have six left." That's why I say it has been the habit around here. Sometimes they ask the captain if it is convenient. Other times they just think, "Well, everybody else is doing it, we can take it, too." I know there has been pipe taken out, and various materials, and I don't think there was always a pass for it. And I'm including myself in on that statement.

I work in the open pit so I'm not familiar with mine No. 8. I have been working there for 25 years and there never has been anybody discharged for

anything like that. A lot of the fellows have shovels, and maybe picks and sledge hammers. If the company wanted to go around to all our homes, like they did to Dyke's and gather the stuff in, they could collect all kinds of materials.

Palmer (u): How about this business of Dyke and Eric—one fellow making work up that another wants to take home? How about that, Sam?

Stockmeyer (u): We call that "government work," Mr. Truslow; you'll soon hear that word. I don't think it's serious; it helps keep our town nice, and we all live here. Why as much stuff is made up for the bosses as for the rest of us, in percentage of men involved, I'd say. Management gets their share of "government work" around here. There's never been any idea of discharge for a thing like that; in fact it's been laughed about a lot. We kid about it.

Palmer (u): Is Dyke's case the first time the company ever attempted to stop an employee from making up "government work" for another employee?

Stockmeyer (u): Well, I couldn't say that exactly. They have every once in a while lately, but never before the union was around here. It was the policy of the company that if it wouldn't interfere with the regular repair work, they'd help the employees out such as, oh, maybe a lawn mower that needed welding. All you had to do was ask. And the company never posted notice of any change; that is why I feel that they are discriminating against Dyke, absolutely.

Monahan (m): I have a few questions to ask Mr. Stockmeyer. I think that the part of his testimony to be underlined is "All you had to do was ask." That seems to apply both to government work and getting passes for materials. Mr. Stockmeyer, are you testifying that it is the practice here to take company property without asking for it?

Stockmeyer (u): When I said "ask," I mean if it was convenient. Not all the time was the boss asked, and yet they knew the shovels were going away whether they asked for them or not. And never was there any complaint put in by the company. In one particular case, I know of a man carrying a shovel who went by his captain. The captain said, "Oh, I see it's garden time." [Laughter.]

Monahan (m): How many years ago was that?

Stockmeyer (u): Oh, let's see, 18 to 20 years ago, I'd say.

Monahan (m): Do you know whether or not the employees got materials passes?

Stockmeyer (u): The only time in the open pit that an employee would make sure to get a materials pass was if he was going to cut himself some lumber off company property. In case he is stopped by the guards he has a pass to show why he is in the company's woods. But Mr. Truslow has heard all about this. We do not say, and never did, that we do not absolutely have to get passes before we take off such stuff like you talked about before. Cutting lumber in the woods like that did get four fellows discharged; they were part of six discharges we never protested. The other two took dynamite, and I'll add something else. We never take copper. It's the same as

dynamite and lumber. Copper isn't on the scrap pile; it's stored up in the old engine yard.

Palmer (u): You said, Sam, the company never indicated any change of policy on taking materials?

Stockmeyer (u): They never called the union in or let us know they were going to do anything like discharge a fellow for what Dyke did—that kind of thing, I mean.

Palmer (u): Mr. Mario here is another old-timer in No. 8 mine. How about materials down there, Andy?

Mario (u): Well it's just like Sam told you about the open pit. Sometimes materials passes are given, and sometimes they aren't. Like Sam says, it's a question of past practice. For example, wood comes up overnight out of the mine and it's laying there, and they put it on the truck and take it down to so-and-so's place. And I don't think a pass was always issued.

Truslow (m): What about scrap iron?

Mario (u): If employees want some article made, they get permission, and make it, but I don't think there are passes issued for every article made.

Monahan (m): Bill, let's hear your complete version of this difficulty that began Wednesday night, June 9.

Kenney (m): Well, as mine captain it was my practice to stay up above ground until the 11 to 7 shift went down. On June 9 I walked over to the work shop and noticed some angle laid down on cutting horses. I asked Dyke and Eric what they were doing with the angles. Dyke replied that he was making a trailer. I asked him if he had a pass and when he said, "No," I told him to let the angles lay and to see Carl Wagoner about getting a pass. Then I told him to get back on the job. He said he was up in the shop to get some oil.

Monahan (m): How much angle was there?

Kenney (m): One piece, roughly 20 feet long, and a couple of shorter pieces. I knew Dyke didn't get *that* from the scrap pile like Dyke tried to say. We don't scrap 20-foot pieces of angle.

Monahan (m): O.K. Now tell us about Saturday night, June 12.

Kenney (m): Dyke asked me for a pass to get a piece of steel sheet for a bed of a trailer. He wanted a ⅛-inch piece, 4- by 6-feet. I told him that was too big for me to make out a pass for and that he should see the superintendent, Carl Wagoner. Dyke turned around and walked out. I thought it over and decided this might need checking. So on Monday I mentioned to Carl [Wagoner] about Dyke being in the shop and Eric Kronich working on the angles and asked him whether Dyke had come for a materials pass. He said he hadn't seen Dyke.

Truslow (m): As Mr. Dykeman's foreman, you have authority to issue passes?

Kenney (m): Well, I can issue passes for small items like scrap wood, maybe a bolt or a piece of the scrap pile, worth maybe a dollar or two in value—but no more.

Truslow (m): Scrap steel?

Kenney (m): If it is not too big an item.

Truslow (m): How big a piece of angle iron could you grant permission for?

Kenney (m): Probably not over 3 or 4 feet—and that would have to come out of the scrap pile. I wouldn't issue a pass for new stuff.

Truslow (m): Do you have authority to ask one employee to make up work for another employee?

Kenney (m): Yes, but I tell that employee there's got to be a pass to cover it.

Truslow (m): I just want to review all this while we are all together. You have issued passes to other employees?

Kenney (m): I have issued a lot of passes.

Truslow (m): Mr. Wagoner, as superintendent of mine No. 8, will you review for us your action after these matters were called to your attention by Mr. Kenney?

Wagoner (m): Well, Dyke can't say I didn't make things clear to him. I told him right away he had no business working in the shop on his own work during working hours. I told him I was going to give him shrift for working in the shop, but in the course of this conversation, he also admitted to me he had taken the angle—not the steel, mind you, but the angle. Before I decided to do anything about that I thought I'd talk to Mr. Monahan to see if he wanted to go any further. I told him the whole story and also that I had found out on investigation that Dyke had asked this Vespaziani to take the sheet home. Joe [Mr. Monahan] and I decided to send George Readdy and Bill Kenney, not intending for them to search Dykeman's property or his house or his garage, you understand, but just to see what they could see. You know the rest. They came back to me and reported, and we figured we should suspend Dykeman until further notice.

Truslow (m): Mr. Wagoner, did our long-service employees understand correctly the materials pass system at Hopedale? Was it as they recalled it?

Wagoner (m): Before the war we sold employees certain things—I mean steel or what not. At the start of the war we discontinued that. Commodities were scarce and the company just did not want to be in competition with other people. Before that it was just a matter of convenience. Anyway we discontinued selling entirely.

Even before the start of the war we had materials passes. With these passes we have gone so far that if an employee wants to work on his own car —this is mine No. 8 I am talking about, not the open pit—we give him a pass if he wants to come up off-shift. That permits him to do that. It's the same with these loads of scrap wood. I'd say most employees got passes—and many of them are just for scrap wood.

During the war we especially kept up our services to employees. If somebody had a grate to be welded, he brought it up. As far as management was concerned, we insisted upon passes for that. A man had to have a pass to take it home because he couldn't prove whose it was unless he had the

pass. I know several cases where a fellow picked steel plates out of the scrap pile for a battery box. He'd ask for a pass, and we'd even help him weld up the battery box. There are many instances similar to that.

Truslow (m): What about materials taken without passes?

Wagoner (m): Well, we began to suspect that; we were sort of up against it though, because certain things you just couldn't keep track of. You couldn't go out to your scrap pile and say somebody took a piece of angle last night, and there's no pass to show it. But we did notice that a roll of canvas, 50 feet long, and some matting for the lamp house had been taken. We were trying to figure how to stop such things.

Now, you take the plant guards. We don't have many. One is the chief, and the other four are regular guards. We have an awful lot of territory to cover, and on some shifts there's only one guard. Area No. 8 is big; there are no fences around it. You take what Stockmeyer said—in the open pit—sure they might take a shovel home. But at mine No. 8 we'd insist on a pass. Even salvage men get passes. I don't say all the employees are going to see all the passes, but I try to keep check. Readdy sees some of them; some of them he doesn't see. We even issue passes for a loan of a tool, like an air drill or a shovel to dig garden or a saw. The man gets a pass and when those things are returned we mark them off as having come back.

Truslow (m): Do you have any knowledge about how many materials passes you issue a month?

Wagoner (m): Probably 30. Most of them are made out by the mine captains. They contact me only on bigger items.

Truslow (m): Can you recall any discharges for taking company property beyond those six mentioned?

Wagoner (m): With the difficulty in policing the place it's almost impossible. We caught one crusherman going home with some scrap copper about seven years ago, and he was discharged. Then as you've been told, about four years ago the powder and caps of dynamite were stolen. When those two men were discharged there was no question about it. That's true, as the men have told it to you.

Truslow (m): Did Mr. Dykeman come to you for materials passes before this incident?

Wagoner (m): I can't recall his ever asking for a pass. But I have my own ideas about what he's taken and given to other men.

Truslow (m): What was the value of the material he took on June 9 and 12?

Wagoner (m): As Bill Kenney said, we "pass" scrap up to $2 usually. Whether we have ever given a pass for $5 worth of material hasn't much to do with a man taking away $5 worth of material without a pass. That's what Dyke did. And we certainly didn't make a practice of issuing passes for new material. When Dyke talks about the steel sheet being scrap, those four by eights were put over the steps to shed water, and that didn't hurt them any more than if they were in the regular pile, where they could

get rusty. It wasn't scrap sheet. We intended to use those sheets for general work. But after a 4- by 6-foot piece was cut out of a 4- by 8-foot sheet for Dykeman, you might as well say the 4- by 8-foot was taken.

Truslow (m): Was that sheet out in the open or in a shed?

Wagoner (m): Thin sheets are usually stored, but some are in the shop. The one Dyke took was stored. Heavier sheets such as ¼-inch and larger are kept in the open. The reason is rust. If a light sheet is left out, it rusts quicker.

Truslow (m): Did you ever discipline an employee for making up work around the plant which was not company work?

Wagoner (m): I don't say that I have directly, but I believe Kenney has. Bill, did you ever discipline that fellow Raehm for doing such work without permission? I know he did it.

Kenney (m): I told him about it, but I never punished him.

Truslow (m): Well, Mr. Readdy, let's hear your experience on June 15.

Readdy (m): When Mr. Wagoner told me to go to Dyke's house, I asked him for a witness to go with me in case I found something and he sent Kenney. Even before I stopped my car, I saw the sheet outside Dykeman's garage. Dyke came walking down and asked me what I was looking for. I said, "A steel sheet taken from No. 8 mine." He asked, "Did I take that sheet out there?" I responded, "That's what I'm trying to find out. Where's the angle iron that you admit taking?" He said, "Over in the field." So Bill and I walked over there with Dyke. I figured there were about 21 feet of angle iron, shaped up into a U, like he said. So I said, "Well, you might as well admit where you got the sheet." And, of course, he admitted he got it at the mine. And so, I went back and reported the incident.

Truslow (m): Mr. Maytag, as shop foreman I understand you supervised Mr. Dykeman when he worked as a painter?

Maytag (m): Yes, sir. And Dyke can't say he never was warned about company materials. I had quite a bit of trouble with Dyke's giving paint out in small lots such as pints or quarts. When we were painting the big machine shop during the war, he made a practice when a man asked for it to give him a quart or a pint. It took more paint than we had figured for the machine shop. I warned him and told him before he gave any more away to see me or the superintendent.

Dykeman (u): Just a minute! How many times did you warn me? There was only one time—when the half gallon of buff paint was found out back of the carpenter shop. I was working out of that can. I started putting my stuff away, and when I came back, the paint was gone. Only once did you warn me about giving paint to the fellows. How many times did I ask you whether I should give this fellow or that fellow paint?

Maytag (m): If I gave you permission it was all right. If I didn't it was a different story.

Palmer (u): Mr. Truslow, after hearing all this, once again the union still insists that it was the past practice of the employees to take company property for their own use without passes, and on some occasions to get passes. This

is the first time that the company has discharged an employee for taking stuff like Dyke took. Others had done the same kind of thing before him. I hope we can settle this amicably. But if not, I repeat, we shall request arbitration and demand not only reinstatement for Dyke with full seniority and other job rights, but also retroactive compensation for all the time management has made him lose by an unjust, excessive, and discriminatory penalty. Now what do you say, all you men on management's side? How about it?

Discussion Questions

1. Assume that you are Edward Truslow. Write a memorandum to Roger Goodnow containing your analysis of the situation involving Dykeman's discharge.

2. What would be your recommendation with regard to further processing of this grievance? Would you recommend a settlement, and if so, what; or would you have the case go to arbitration, and if so, why?

3. What recommendations would you make for future policy with regard to employee use of company materials and work for personal use on company time?

SEDGEWICK–COLE CORPORATION (A)

JOB EVALUATION AND LOCAL UNIONS

I

The Sedgewick-Cole Corporation, a major manufacturer of floor coverings, operated two plants, one at Craftown, and the other, about 60 miles away, at Kingsville. In anticipation of extensive demand for a new product, Nu-Crest, as well as for its regular products, the company initiated plans for improvements and new equipment to cost $5,250,000. While the proposed improvements were being effected, the Craftown local of the United Rubber Workers (CIO) entered a grievance regarding a job-evaluation plan that its membership had rejected but that the Kingsville membership had accepted.

II

The company was organized in 1930 to continue businesses formerly conducted independently by the Sedgewick Company at Craftown and the Cole Company at Kingsville. During the depression of the 1930's, the company suffered substantial losses, reduced wages, and abandoned an incentive system installed at Craftown in 1928 which had promised substantial benefits for all.

In 1937 some Craftown employees requested the Rubber Workers to organize the plant. A few months later the company recognized the Craftown local and granted an increase of five cents an hour. The Craftown local then organized the Kingsville workers, and the two locals formed a joint committee that negotiated a company-wide agreement, effective February 15, 1938. Less than a month later, management, citing losses, announced a five-cent

hourly wage reduction. When negotiations failed, the Craftown employees struck and the Kingsville men walked out to support Craftown. The strike lasted one day, work being resumed after joint agreement to choose a fact-finding board consisting of two union, one company, and two federal representatives. This board did not find the reduction justified, and the company withdrew it. However, the board did report as follows:

> The company has inadequate reserves to weather even a short depression, and it has not been able to raise capital necessary to keep equipment abreast of competition. Wage rates have averaged less than in competitors' plants, but Sedgewick-Cole gets less production per man-hour than its competitors.

The contract negotiated in 1939 provided for a union shop and for a substantial number of upward adjustments in rates to go into effect at both plants. No horizontal increase in hourly base rates was granted. The union based demands for rate revisions upon the company's past practice of setting rates in haphazard fashion upon what were believed to be "going community rates," or upon the whims of supervisors, particularly with respect to new jobs.

During 1938, financial conditions had improved sufficiently to permit installation of new equipment, which had changed jobs throughout the plants. In anticipation of grievances resulting from production changes, the following clause was written into the 1939 contract:

> All special grievances concerning a speed-up, slow-down, or other serious matter shall be deemed of emergency nature and the usual procedure on grievances shall be dispensed with. These matters will be handled immediately through the shop committee and the management.

Grievances regarding wage inequities increased sharply during 1939. The contract negotiated in 1940 ran for three years, providing for reopenings on wages only. Because grievances had involved wage rates so extensively, this contract provided:

> ARTICLE 4, SECTION 2, PARAGRAPH "d"
>
> In any case where a speed-up occurs, through increasing speed of present equipment or revamping of same, whereby the company's costs are lowered and maintained for a period of 90 days, the employees affected will receive a fair share in the savings involved, such share to be distributed at the discretion of company and union officials.

This clause, however, proved unsatisfactory since the "share in the savings" was based not upon greater effort but upon improvement in equipment. Only those employees working in departments where such improvements were made enjoyed increased pay. Such increases, in turn, gave rise to a multitude of inequity grievances in other departments.

III

After the 1940 contract had been signed, the company offered the position of personnel director to Albert C. Tedrick, treasurer of the Craftown local, editor of its paper, and member of the international's executive board. As one of the organizers of his local, Tedrick had been active in the formulation

of union policy, and had always served as chief union spokesman in negotiations. After serious consideration, Mr. Tedrick accepted the company's offer.

Shortly thereafter, Mr. Tedrick enrolled in evening courses to study job evaluation and incentive systems. Upon completion of his course, he was convinced that solution of the company's wage problems lay first in effecting a sound job-evaluation program, and then in building a well-conceived incentive system. His first objective was to dispel any suspicion that his program would be similar to the previous incentive plan at Craftown. Accordingly, Mr. Tedrick began informally to suggest to union officials at weekly grievance meetings the merits of job evaluation.

During the war, operations differed radically from regular work, and the "haggle" system of rate setting continued. Repeatedly, wage rates were submitted to arbitration. To reduce arbitration, the parties concluded a new agreement providing: "In the event new equipment is installed for any operations, rates for jobs on same will be settled by mutual agreement." Wage rates continued, however, to be arbitrated rather than settled by mutual agreement.

IV

In their postwar contract, the union and the management agreed, with the assistance of a federal conciliator, to include the following clause:

ARTICLE 4, SECTION 2, PARAGRAPH "c"

The company will undertake a job evaluation study with a view of eliminating intraplant inequities. The job evaluation and wage adjustment is to be subject to the mutual agreement of both parties with the provision that any disputes thereunder will be subject to impartial arbitration by an arbitrator to be selected by the parties. In the event new equipment is installed for any operation, rates for jobs on same will be decided by a mutually satisfactory job analysis and evaluation.

A joint job-evaluation committee composed of two union and two company representatives from each plant was formed, and a former federal conciliator was retained by the company as consultant. Within four months this committee had completed a job-evaluation manual and had agreed on evaluation for all jobs.

The locals in Kingsville and in Craftown, however, rejected the plan. At the time, wage-increase demands of 30%, equivalent to about 33 cents per hour, were pending.

Two months later the contract was extended for another year, by a joint stipulation which provided as follows:

JOINT STIPULATION

There is to be inserted in place of Article 4, Section 2, Paragraph "d" [1] a paragraph calling for the development of an incentive plan to be worked out between a union committee and a company committee with the usual arbitration clause. The company agrees immediately to increase by 15 cents hourly wage rates applicable to all members of the union alike.

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[1] See page 98.

Under this extended contract, the job-evaluation committee at Craftown applied job-evaluation standards despite the previous vote of rejection, to establish rates for 16 new jobs and to review one old job. Vincent Rosetti, president of the Craftown local, signed acceptance stipulations for the union. Four months after the extension of the contract, Mr. Rosetti refused to sign any other acceptance stipulations or to accept new rates thenceforth set by the evaluation unless they were higher than the prevailing base rate.

Three months later, a consultant engaged to install an incentive system under the terms of the joint stipulation also reviewed the evaluation plan. He recommended that higher credits be allocated to physical effort, which the union had protested as "rated too low." Union leaders thereupon agreed to present the revised evaluation plan to their members. The revised plan was approved by the Kingsville local, but Craftown again voted rejection.

Notified of these votes, Mr. Tedrick informed union officials that notwithstanding rejection at Craftown, evaluation would be used in setting rates on new jobs. Before such rates were applied, however, union representatives on the job-evaluation committee would be invited to check them, and disagreements would be submitted to arbitration.

During the next month, accordingly, union representatives on the Craftown committee reviewed one job and approved evaluations on five new jobs. James O'Hara, vice president, and William Phillips, secretary, did not sign acceptance stipulations on these rates. Mr. Tedrick nevertheless put them into effect.

V

Four weeks later, Mr. Tedrick received the following grievance at Craftown:

After investigating the plastic tile job we feel that since the job formerly had three men and now has two, the job has been revamped and speeded up in more ways than one, so that production has been doubled without any chance for the men to gain a fair share of the profits such as in our Contract (Article 4, Section 2, paragraph "d").[1] We must ask to arbitrate this case since company refuses to compensate these men accordingly.

Mr. Tedrick replied immediately as follows:

We assume the job in question is the pressing of Nu-Crest tile by the double platen process instead of on single platen presses with a crew of two men, each of whom worked about half their time due to the heats.[2] This job is one on which the company cannot make any great profit and therefore there is no share in the profits to be considered.

We will gladly re-evaluate the job according to Article 4, Section 2, paragraph "c"[3] and if additional wages are agreed upon, we will pay same. Our job analyst has prepared his analysis for discussion by the job evaluation committee. We are willing to meet at any time.

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[1] See page 98.

[2] A platen is a flat molding plate which holds the tile during the application of heat and pressure. The time period during which the tile is under pressure is referred to as a "heat."

[3] See page 99.

Furthermore, our joint stipulation calls for the elimination of Article 4, Section 2, paragraph "d" and in its place we are to substitute a wage incentive clause; [1] therefore, the clause you refer to is no longer a part of our agreement. We will agree to have the job time studied and determine a rate of pay. To do this, this job would first be evaluated.

We suggest that the company-union job evaluation committee set a rate; if no agreement can be reached, submit the question to arbitration. We do not intend to set any rates by guesswork, nor pay increases unless justified by systematic methods. The present process of curing Nu-Crest tile is a temporary expedient to get this product on the market and will be discarded when multiplatened presses are installed.

The outcome of this grievance, Mr. Tedrick believed, would be crucial in establishing job evaluation as the method of determining new rates. Otherwise, the haggle system would inevitably return and wage inequities would continue a serious problem.

Five months prior to the filing of this grievance, the company had notified the union that press crews would be reduced from three to two men, and that twelve men thus released would be transferred elsewhere. A better product could be turned out if molds were left longer in the presses and the number of heats reduced. If the union opposed this change, the company warned it might be necessary to lay off all 36 men until new presses were installed. The union responded that the men would not comply and requested that action be withheld until the officers explained the situation to them. The company agreed but added that, in the event the union did not cooperate, the company would request arbitration. Within a few days, crews were reduced. A multipress had been ordered a week before the union filed the above grievance.

Two weeks after receipt of the grievance, Mr. Tedrick informed the union that the company had evaluated the disputed jobs, that the results indicated that the jobs were overpaid, but that, in spite of that, the rates would not be reduced. The union requested arbitration and the following submission was jointly drawn up:

> Are the employees pressing Nu-Crest entitled to a rate adjustment as the union contends, pursuant to Article 4, Section 2, paragraph "d" or pursuant to paragraph "c" of the same article, as the company contends?

The union supported its claim to a "share in the savings" by three major arguments:

1. The company changed the one-platen process to a two-platen process, increasing output. Article 4, Section 2, paragraph "d" applies.
2. This is not a new job, nor is new equipment used.
3. The local has twice rejected job evaluation. Therefore, Article 4, Section 2, paragraph "c" cannot apply.

The company supported its position that the new rates be determined by job evaluation on four main grounds:

1. The job is a new operation, and even if it were not, it is subject, as are all jobs, to the job evaluation provided for in the contract.

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[1] See page 99.

2. The union accepted job evaluation as proved by acceptance stipulations signed by Mr. Rosetti on a reviewed old job and 16 new jobs.

3. One old job was reviewed and 5 new jobs were approved by the joint evaluation committee, and made effective.

4. Article 4, Section 2, paragraph "c" does not require complete mutual agreement for it provides for arbitration of disputes.

In his first finding the arbitrator stated, "The contract does not clearly express the method to be followed. The arbitrator urges the parties to expedite the conclusion of job evaluation for more harmonious relationships." Both the union and management thereupon requested the arbitrator to render a decision. Since both parties preferred an award, he ruled that the job was subject to evaluation.

Mr. Tedrick believed that through arbitration he had accomplished at Craftown the long-sought objective which had been impeded by the negative votes of the Craftown local union. Following the arbitration, Mr. Tedrick discussed the case with a friend who was interested in union-management cooperation. He invited him to interview the principal individuals who had been concerned with the job-evaluation program. Several of the interviews follow.

INTERVIEWS AT THE CRAFTOWN PLANT

James O'Hara, President of the Craftown Local

(Mr. O'Hara was a mechanic.)

O'Hara: I can talk my head off but it does no good. The company cooperates, the union agrees, and we tell the men, but they don't pay any attention.

Interviewer: How did the evaluation program start?

O'Hara: We were in negotiations, getting no place. The company wanted to give only certain departments increases. The union couldn't go that. After the federal conciliator came, he told us about evaluation. He had been here many times before and helped us, so we formed a joint job evaluation committee. However, most of the men in the shop didn't want anything to do with it. Some sections were for it because management had sold the gang leader. If they sold him, the gang went along.

When the consultant came to our department he evaluated the jobs, determined the requirements for an "A" mechanic, and decided that four men were to get "A" ratings. After that, we had a meeting to decide who would get these four "A" jobs. I was the representative for the mechanical department. The foreman picked out four men he thought qualified. I asked about men I had in mind. But the foreman didn't agree with me.

Today I do one job and one of these "A" men does another, and tomorrow he does the thing I did yesterday and I do the thing he did. You can't say his job is harder than mine and so [slowly and with emphasis] the foreman was evaluating the men, not the jobs. That's just the foreman picking out his

favorites and "mechanical" voted in a block against the job evaluation proposal.

Take that one department [inspection department]. They were all against it, even some who would have gotten 10 cents more per hour.[1] They were afraid of cuts. Let me give you an example. Suppose I'm getting $1.35 an hour and you're working as my helper. Well, *my job* is evaluated down to $1.30, but *I* would still get $1.35 [as a "red-circle" rate]. Now you were making $1.20 and are evaluated up to $1.28. When you are promoted to my job on another machine, when there is an opening, you would only get $1.30! You see, you'd only get a 2-cent raise instead of a 15-cent raise! You'd be doing the same work as I am and I'd be getting $1.35 on the next machine, and the union always stands for "equal work, equal pay."

Interviewer: Were there many of these "cuts"?

O'Hara: No. That's the strange thing. Most of the jobs, 60 per cent of them, were to get better rates. The men are beginning to realize now how much money was involved.

Interviewer: You have evaluation on new jobs, don't you?

O'Hara: That's reasonable. They used to give you whatever they wanted to. It's their right to set rates on new jobs, and we'd rather have a fair method so we see why a job is rated so much.

Interviewer: Why did Kingsville accept evaluation when you turned it down?

O'Hara: They don't have that inspection department down there or things would be different. The committee tried to do a job in selling evaluation here, but the men just yelled, "We don't want no part of it." When we are introduced at Kingsville as officers from Craftown, everyone applauds. When we introduce a Kingsville officer here, the fellows boo and someone shouts, "Go on home." The Kingsville company was always good to work for, even before the two plants consolidated. Kingsville as a city has fewer problems. Take the Craftown plant of the Crocker Company. There isn't a company in America which is more antiunion. Our union had an "in" there once but that company beat it down.

Edward Diffin, Former Vice President of the Craftown Local (Mr. Diffin, an older employee, was a mechanic. At one time he had been a railroad employee.)

Diffin: When the union was formed, I was very active. Some wanted a one-man union; they thought officers should run everything. I thought each department ought to have its own union committee. When the others did not agree, I got out. Too many unions have been destroyed because of fights between officers.

History proved I was right. We had a one-man union. When that one man went over to management, it hurt the union. Al Tedrick knew everything about the union and everyone in it, so management got along O.K. It's

[1] Most references to inspection at Craftown in plant interviews indicated its widely held reputation as a "trouble spot."

just like a dictatorship: when the leader dies, the country has no leader. In a democracy a great man like Roosevelt can die and the people can continue because they all have had a part in the show. When Al did go over on the other side, the boys did not like it. If you fight alongside someone and then find, all of a sudden, without warning, that he is on the other side, you naturally don't like it.

Al has brains and plenty on the ball politically. He can put an idea across if he wants to. Our fellows can hardly read or write, so what we need is an educated person to negotiate for us. It takes a liar to catch a liar, and a robber to catch a robber.

Interviewer: Could you tell me something about the evaluation plan?

Diffin: It would have split the men and the union apart. When a fellow would be promoted he might not get the same rate if the job had been lowered by evaluation. Then fellows would be getting different pay for the same work and start fighting. The union would be split. It's happened at the Crocker Company. That company got the AFL and the CIO unions fighting each other. Now they don't have either union.

Stanley Gardner, Organizer of the Craftown Local
(Stanley Gardner, 60 years old, worked in the blacksmith shop in the mechanical department.)

Gardner: I organized this union. We were getting the lowest wages around and the efficiency engineers had been in with time watches and had done a job on us. That's when I got the union. Then I went to Kingsville and they signed up.

A lot of foremen used to be union members. If any of them want to, they can come back to the union. Any guy who moves up [pauses]—well, almost any of them—can come back. Mr. Tedrick used to be in the union. He had his chance and ran the whole show once, but he left. He and Rosetti were real thick, but Rosetti isn't nearly as smart as Al is.

Interviewer: Can you tell me anything about evaluation?

Gardner: I was against evaluation. Our foreman had his nose in it all the way while our mechanical department representative just sat and didn't say anything. The foreman picked out his fair-haired boys for favors rendered.

Interviewer: Were any departments for it?

Gardner: Sure, the print room. The gang leader got sold. In the print room all the boys are Italians. Most guys who work here only went to the third grade. We've got a League of Nations here. Over in the presses there are Italians, Hungarians, Poles, Serbs, a little of everything. We have some colored workers, and there are a few women.

Vincent Rosetti, Former President of the Craftown Local
(Mr. Rosetti, worker in the pipe shop, was union president when votes were taken on the evaluation program.)

Rosetti: What do you want? Who sent you?

Interviewer: I am studying your labor problems. No one sent me.

Rosetti: You aren't a snoop? Someone didn't send you?

Interviewer: No.

Rosetti: I thought someone was getting information through the back door. You are not a snoop?

Interviewer: No. That is not playing the game.

Rosetti: O.K., if you aren't a spy, we get along pretty good. At one time the company used to be lousy on wages. Then we got the organization and they couldn't push us around any more.

Interviewer: You were union president when they voted on evaluation?

Rosetti: Yes, but we didn't go for that. The company was going to get the cream and give the men skimmed milk. We say "equal work, equal pay." How were they going to evaluate guys in the pipe department? We all work on the same pipes. The company said no one would be cut—that the evaluated pay, if lower, would apply only to new men. Who the devil did they think the new men were going to be? Paper boys they dragged in off the street? The new man was going to be the guy who had worked here nine years, and who had earned a promotion. There weren't going to be new men because the union wouldn't stand for it. But they thought we were dumb.

[After the interview.]

O'Hara: Rosetti and Tedrick used to be union leaders. They lived on the same street. Their wives knew each other; the kids played together. They don't go together since Tedrick moved.

William Phillips, Secretary of the Craftown Local
(Mr. William Phillips worked in the pattern department.)

Phillips: We were in on evaluation from the very first. We talked with the men, got their ideas. From my work on the committee I learned more about the plant than any single foreman. If we had proposed the evaluation, we could have sold it. But because the company proposed it, the men didn't want it.

Interviewer: Why did they oppose it?

Phillips: Oh, they never say *why*. They just yell it down. It was a case of a vocal minority. All the people who wanted evaluation and would have gotten increases didn't bother to vote. Of course, all the minority voted. We put in a rule that any member missing three meetings would be fined, but it doesn't help. It was too bad that Pat Kelly died; he would have been the difference. We seldom elect a president for more than one term, but he was always re-elected.

Interviewer: How did evaluation ever start in the first place?

Phillips: It was Tedrick's idea. He studied about it. Then he started talking and it seemed like a good idea to Kelly.

The trouble goes back more than 15 years. Wages were low and many days there wasn't any work. Men thought there was favoritism shown in who got to work. That's all changed now, but the inspectors never changed. They don't trust anybody. They were even against the union at first. Now they are against the company.

They didn't like it when Al Tedrick changed over. At the time, he was representing the union in negotiations. The company wanted a three-year contract. When we had a meeting, it was clear nobody wanted it. Tedrick sold it to the members. It turned out to be a good thing. Wages were frozen so we could not have gotten increases anyway. But it wasn't more than six months later that Tedrick became personnel manager.

Things that happened since haven't helped. Things have tightened up a lot in the last few years. There is more discipline. Also, to get a foreman they used to promote one of the men. Lately they have gone outside. I don't resent it, though it happened in my department. The people they bring in don't know anything. That's half the trouble in inspection, too; the foreman is weak.

INTERVIEWS AT THE KINGSVILLE PLANT

Elder Morgan, Personnel Manager at Kingsville

Morgan: I was the first union president here. For a depression period things weren't too bad here. We had a few men who wanted to remain outside the union. We thought we would have better union members in the long run if we didn't force the issue. I was president for four years when I told the boys, "You've got a fine contract, a strong union, and a cooperative company." I explained I would rather step aside for someone else. I agreed to continue on the executive board and they saw my point. Soon I was offered the job as personnel manager to work under Albert Tedrick.

I knew the only way was to let the boys decide. I told them I wouldn't accept unless they felt I was acting in good faith. I said if I did take the job, I would represent the company with my full energy. They answered, "Go ahead and take that job, Elder. We don't expect any favors."

At first a few were skeptical. I insisted that workers handle problems through their union representatives and that foremen handle their own problems on the floor. I would not discuss a problem unless it had been first discussed with them. I told the foremen when they did not feel qualified to decide, they should come to me.

Interviewer: What about your relationship here?

Morgan: We have less than a dozen grievances every year, not more than six in writing. Since the union came we have had only one stoppage and one arbitration. We are proud of the record, and I keep reminding the union about their part in it. Now they remind me about *their* record and how it is *my* responsibility to live up to it!

Interviewer: How is the job evaluation working out?

Morgan: We feel it is working well. The saturation department took a beating because a number of men had their jobs evaluated lower there. However, Carl Wilson explained it to them in terms of the best interests of all workers in the plant. Of course, the men turned it down on the first vote. They were probably waiting to see if they could get a better deal. It may be they were waiting on Craftown to accept.

Interviewer: Do you have regular grievance meetings?

Morgan: No, we meet as soon as the grievance comes up. Many times I get an idea of what's troubling the men from Carl Wilson, for I often have a beer with him on the way home. We have no groups in our plant. Of course, we have good union officers here. Occasionally they make a mistake, but so do we. Several months ago they brought a grievance. We fought it hard and they fought it harder. To continue might have thrown us back in building good feelings, so we gave in.

Josiah Blakely, President of the Kingsville Local
(Mr. Blakely, 65 years of age, was a class A machinist.)

Blakely: We have an excellent relationship. The union is very proud of it. We try to remind the management what a good record we have so we can make them proud of it, too. We have never had a strike here, not one of our own. Craftown got into trouble once and spoiled our record.

Since I have been president we have had only two grievances where the vice president in charge of operations was called in. Do you know what he did once? Management was on one side of the table and we were on the other, and after we presented our case, even before management answered, the vice president got up and said, "Boys, I like to be on the right side so I am going to move my chair over and argue with you." You see our company believes in unions and in paying good wages.

Interviewer: How long have you been president?

Blakely: I have been re-elected seven times. Of course, I was thrown out of office once. A new fellow—a loud mouth—told the boys what he would do if he was president. He won, but when he learned the men didn't want to shake the buildings down, he quit. The real function of a trade union is to work so that both the company and the workers prosper. When we negotiate it might be possible to get a 50-cent increase, but there wouldn't be any jobs next year after we put the company out of business. People used to look down on union members, but they don't any more. They are looking to us to do a good job.

Interviewer: Didn't you reject job evaluation the first time?

Blakely: Well, we may have waited for Craftown to make up their minds.

Carl Wilson, Secretary of the Kingsville Local
(In the opinion of both company and union officials at the Craftown and Kingsville plants, Mr. Wilson was "the real leader of the Kingsville union.")

Wilson: We needed a systematic method to develop a wage structure. Management, failing to educate foremen, permitted them to be sole judges of wage increases. Their favoritism and lack of knowledge gave the union an effective means of increasing wage rates by claiming B's wage was too low in relation to A, A's wage having been improperly set by management itself. As soon as management conceded, C, D, E, and F immediately had complaints with regard to their pay. By playing the wage inequity game we sowed seeds of multiple grievances throughout the union. That is why the union accepted job evaluation.

Interviewer: What was the program of installing evaluation?

Wilson: We kept the membership informed why evaluation was necessary. We indicated the substantial advances it would mean in total payroll. We called in the man who had complaints, explained the system, and had him evaluate his own job. As a rule he evaluated himself too low, in which case the committee's evaluation prevailed.

The engineer hired by the company to assist us was not a production man. We had to do a great deal toward assisting him. Yet his problem was common to any man who might have come in from the outside.

Interviewer: Why did Kingsville accept job evaluation when Craftown turned it down?

Wilson: People will tell you Craftown is different from Kingsville. I cannot agree. People everywhere are pretty much the same. First, the Craftown union does not do a good educational job, and second, Craftown officers have abdicated their position of leadership. They listen too much to various opinions and express their own ideas too little, and the result is chaotic thinking.

It was unfortunate that Pat Kelly, the Craftown union president, died. Jim O'Hara, who succeeded him, was new and uncertain about the program. Craftown did not explain the system as well to their membership. If we had their inspection department here, we would be much firmer. We would have been glad to have their criticisms, but we would not permit them to shout us down. The union hasn't done an education job at Craftown. That is in part due to management.

Discussion Questions

1. List in order of their occurrence factors which you think contributed to the difficulty encountered in gaining acceptance of job evaluation at Craftown.
2. Whom would you designate as (*a*) the focal individuals and (*b*) the focal groups at Craftown?
3. Evaluate critically the various contract clauses cited in this case. What is your interpretation of Article 4, Section 2, Paragraph "c"?
4. Why did the Kingsville union accept job evaluation while the Craftown union rejected it?
5. If you were Mr. Tedrick, what problems would you consider as unresolved at the time of the receipt of the arbitrator's decision? What would be your program to resolve each of these remaining problems?

SEDGEWICK-COLE CORPORATION (B)

INCENTIVE WAGES AND LOCAL UNIONS

I

The Sedgewick-Cole Corporation considered it necessary to offset wage increases through increased productivity to maintain its competitive position. Some 17 months after authorization to develop an incentive system had been

incorporated into the union agreement, Mr. Tedrick, company personnel director, met with the union officers of the Craftown local, United Rubber Workers (CIO), and filed the following grievance:

A definite effort is being made by certain groups of employees to control to a predetermined number of units the production in the inspection department. One has only to look at the level of production on the "C" inspection to feel certain these crews are not making a reasonable effort to attain and maintain the production as agreed upon.

In view of the union's repeated assurance that they will not approve *any* control of production we request some reason for the actions of these inspection crews. We can see no reason for them to refuse to make some incentive on the present standard. The whole group is determined to sabotage the agreement between the company and the union. Will you kindly reply to this grievance in writing at your earliest convenience?

II

The contractual provision empowering the development of an incentive system read:

There is to be inserted in place of paragraph "d" [1] a paragraph calling for the development of an incentive plan to be worked out between a union committee and a company committee with the usual arbitration clause.

Thereupon the company had hired D. K. Coates as consultant to develop the plan. Within 9 months he had a group of incentive rates and standards ready to install. The union requested a delay until the completion of contract negotiations, which were to open the next month. Without citing any specific objections, they said they wished to review the situation.

During the new negotiations, in addition to the pattern agreed to by basic industry, the company offered an *additional* increase of 6 cents per hour if the union would accept the proposed production norms. Although management estimated that only 40% of the work force could increase their output, Mr. Tedrick did not consider it feasible to limit the additional 6 cents to them. The union negotiators rejected this offer, reporting that an informal membership survey indicated the offer inadequate, inasmuch as proposed norms would necessitate a 15% increase in output before the bonus would begin.

After two months of discussion, the union finally agreed to consider the proposal if the additional increase were to be 10 rather than 6 cents. The company offered 7 cents. The union amended its counterproposal to 9 cents. Both parties agreed on 8 cents, and the incentive joint stipulation shown in Exhibit 1 was incorporated into the new contract.

III

With this agreement, the company put into immediate effect production standards for all direct-production workers. For those operations which he

[1] The superseded paragraph "d" had provided: "In any case where a speed-up occurs, through increasing speed of present equipment or revamping of same, whereby the company's costs are lowered and maintained for a period of 90 days, the employees affected will receive a fair share in the savings involved, such share to be distributed at the discretion of company and union officials."

had time-studied, Mr. Coates first determined the rate of output reasonably to be expected of the normal operator working under the inducement of the incentive wage. He then established as the production "standard" a level of output 30% less than the output expected of the normal operator. Thus management anticipated that most operators would produce 30% over standard, and earn 30% over the base rate, which included all increases granted at the most recent negotiations. For operations not yet time-studied, management established a temporary estimated standard equal to the average of the past performance of the department increased by 15%. Starting from this estimated standard, the company would give pay increases directly proportional to increases in production. For a few departments in which the nature of the process allowed no decrease in production time, the management established a temporary standard which, when increased by 30%, would equal the prior production rate. Thus such workers would receive a 30% bonus for the same amount of work which they had previously performed. Where operations were not process controlled, management expected a 15% increase in output over past performance to justify the extra 8-cent increase it had granted in base rate.

Reviewing subsequent developments, Mr. Tedrick recalled that many workers, especially inspectors, did not like the new system. "One inspector who had griped for years clammed up. Another announced, 'I know when I'm licked. I quit.' He had been with us 20 years. Another inspector asked, 'Why should we speed up just to give the mechanics a raise? Give it all to us, and we'll do the job.' The inspection department was in a state of internal warfare over acceptance of incentives."

IV

Several days after incentives were installed, Craftown averaged but 68% of the new standard, while the company's other plant at Kingsville was averaging 90%. The Craftown plant manager told Mr. Tedrick that the situation would improve with time. Nevertheless, Mr. Tedrick decided to talk with the men.

Mr. Tedrick selected the pulling-out department as the first for such a conference. This small department, always cooperative, and working under a foreman considered firm but fair, was producing 70% of standard. Accompanied by the union vice president, a "quiet, stable" production worker, Mr. Tedrick spoke to the workers. Mr. Tedrick told them they were "laying down on the job" and if they didn't attain standard within one day, every one of them would lose his 8-cent increase. He said, "This is an ultimatum."

One man answered, "This isn't what the union told us." The union vice president interjected with: "You didn't understand. Mr. Tedrick is right."

Output in the pulling-out department reached standard within 4 hours after Mr. Tedrick's talk. The talk was repeated the next day in the inspection department with similar results on all inspection tables except those assigned to "C" inspection. Output there continued at exactly the same level registered before the installation of incentives. It remained exactly the same

each day. Often the inspectors did nothing for the last 30 minutes of each shift if they had already reached their daily level. After three months, Mr. Tedrick entered the grievance set forth above and stated, "If no action is taken, the company will be compelled to eliminate employees willfully holding up any jobs."

V

After receiving the company's grievance, the union announced that a union time-study engineer would make independent studies. After six weeks, the union engineer submitted his report objecting to methods the company had employed in establishing standards for the inspectors. The company restudied the operation and reaffirmed its standard fair. The union requested arbitration.

Two months later the standard developed by the company was upheld in arbitration. Pending this arbitration, problems had continued to arise. A typical situation is presented in Exhibit 2. Interviews held during this same period appear below.

Four days following the arbitration, the Craftown inspectors held a departmental meeting at the union office. Following this meeting, the department committeeman advised the foreman that the men felt they had no obligation to produce any more than the standard. Mr. Tedrick immediately informed the union officers that control of production was continuing, and unless they corrected the situation within two days, the company would take drastic action.

VI

Two days later Mr. Tedrick filed another grievance against the Craftown union:

> After six months' discussion, negotiation, and finally arbitration, a standard of production is established for "C" inspection. Employees are refusing to make more than standard. This refusal is a violation of our agreement. Unless these crews decidedly improve by tomorrow, it will be necessary to dismiss those controlling production. The reluctance of the union to control the actions of its members will be taken up as a separate grievance.

The following morning Mr. Tedrick read this latest grievance to all inspectors in the presence of local union officers and the international representative. The following discussion took place:

International Representative (u): We want the names of those employees who supposedly are controlling production.

Tedrick (m): Henry Perry and Thomas Dowler are among those present whom we accuse. However, we will discipline any other employees whom supervision names.

International Representative (u): How are the union officers to know what employees are controlling production?

Tedrick (m): The union was given ample time to make their own investigation.

Committeeman (u): If the company is making a charge, it should point out the offenders. The company is all wrong in making its charge against Perry and Dowler. They should not be held responsible for the poor production of an entire crew. They have never been given a fair standard to shoot at.

Tedrick (m): This morning Perry's table did not work for 22 minutes with no apparent reason. If Perry, as inspector, had ordered another roll to be placed on the table for inspection and the men refused, then it would be up to supervision to take action.

Committeeman (u): Does a man have to make over standard?

Tedrick (m): Yes.

Committeeman (u): If production does not increase tomorrow, will Perry and Dowler be accused of controlled production?

Tedrick (m): Yes, and any others inspection supervision accuses. Dismissals will be made. I suggest this department meet with your international representative to discuss this matter before it becomes necessary for the company to take final action.

The next day production was 10% above standard on the "C" inspection tables. Eleven days later, output was 34% above standard, having increased a little each day. Thus increased productivity had been achieved in the inspection department 11 months after the incentive stipulation was incorporated in the contract, and 14 months after the first incentive standards had been formulated.

INTERVIEWS

James O'Hara, President of the Craftown Local

O'Hara: Some of the boys are pushing for more production under the incentive. They argue, each blaming the other if they don't make the bonus. We are in for trouble.

Interviewer: How did the incentive come in?

O'Hara: The inspectors didn't want it. They fought hard, but everyone got an eight-cent increase. The inspectors said, "It stinks." It was discussed, and finally voted in. The inspectors were very mad. Yet I know inspectors right now who are doing all right. They make the bonus. They wouldn't talk against it any more, but they couldn't say anything for it.

Interviewer: What about the inspection department?

O'Hara: When I first came, they were the biggest department. They always demanded things and got it. Almost everyone was in inspection then. Of course it's smaller now, but they still have over 100 men. They always got their own way before—special privileges. They always voted in a bloc. They never elected any officers, but what they were against didn't go through. They are breaking up now though. This incentive is splitting them. There are only three tables which aren't doing anything, and I know they could.

The consulting engineer has taken months to put in this incentive system. He is a "blow-hard." He is doing his best to drag his job out to last as long

as it can. I'll bet the company is paying him plenty. No wonder the company can't afford to give us a wage increase.

The fellows are anxious to get the incentive set up. The maintenance men can't get anything until the whole system is in operation. Half the trouble we have—all these grievances—could be eliminated if incentives had been put in faster. Grievance meetings are costly. The arbitration on the incentive will cost us at least $100. We are a small union. I'm going to have to do something to get this thing hurried up.

William Phillips, Secretary of the Craftown Local

Phillips: The inspection department has never been for the incentive. The only word for them is "aginners." They are "agin" everything. The incentive arbitration will be their last chance to save face.

If the standard is put down where the inspectors think it ought to be, they might make it. They never have tried to make it. They could if they wanted to. Some inspectors were doing all right and the others got mad at them.

Interviewer: How did the incentive get started?

Phillips: No one wanted it at first. It was forced down our throats. The men needed more money with prices going up. The company offered eight cents more if the incentive plan was accepted, and the men wanted money. They accepted it to get money but lots of them think it's glorified piecework. The inspectors didn't want the indirect men to share. The company shifted men around in inspection and the men against the incentive didn't like that.

Two "C" Inspectors, Perry and Dowler

Dowler [to interviewer]: I don't know anything to tell you. [Perry leaves his work place and joins discussion.] Perry, I was saying I don't know about things that go on here. You tell him what he wants to know.

Perry: I don't know that we are going to have much time to talk. They complain we don't make the standard so we had probably better get on the job.

Interviewer: I don't want to interfere with your work, Mr. Perry; in fact, I would be very interested in seeing what you do. Would you mind if I just watched?

Perry: It is not interesting and there is nothing to it. I don't think you'd learn much. Besides we are about through for the day.

[The time was 2:30. The shift was scheduled to go off duty at 3:00. At the time there was no indication of any work.]

Interviewer: You think the incentive standard is too high?

Perry: We can work as hard as a man can and still not make it. There is no use to try.

Interviewer: How are they doing on the other inspection tables?

Perry: Not very good.

Dowler [to Perry]: I thought they were making around 20% bonus.

Perry: No, nothing like that. I don't know what *they* do. Did you want to know anything else?

Interviewer: You were here when they proposed evaluation?

Perry: Yes.

Dowler [interrupting]: I don't know anything about that.

Interviewer: Could you tell me how you felt about that?

Perry: I don't remember anything about it. Is there anything else you want to know?

Interviewer: No, but if you don't mind, I would like to come down again.

Perry: You can come but you won't find out anything. The arbitrator came down, but he didn't find out much.

Herbert Furst, Inspector

Interviewer [to William Phillips, Craftown secretary]: There must be some inspector who likes to talk.

Phillips: Herb Furst loves to talk; in fact, if he gets started you can't stop him. He is on a crew that isn't trying to make standard. Here he is. Herb, tell this man about the incentive.

Furst: We always turned out 106 pieces a day. The company brought in engineers who timed us and set a standard of 123. I don't know how they ever got that number. We complained and they admitted they were wrong because they changed the standard to 121. But that was no change and there is absolutely no use in trying to make 121. It is just a way to get old quick.

Phillips: I am going to walk down here where I can't hear in case you want to talk confidentially.

Furst: That is about all I know anyway. Stay, Phillips. Don't go walking away or the fellows will think something is funny.

Interviewer: You were speaking about the incentive plan.

Furst: I was saying there is no use to even try it. Some of the boys are making bonus. We feel sure that their standards have been set differently, so just because they make them is no reason why we should make them. Say, I can't talk to you any longer. The boys are wondering what I am saying to you. They won't like it at all, so I'd better get over there and explain it to them. You know how it is, don't you? We work in teams.

Peter De Lucca, a "D" Inspector

Interviewer: How is the incentive working out on your table?

De Lucca: We are making 30% bonus. Of course, I have a young crew. The men who have worked here 15 years and always work the same way don't like incentives. They find it difficult to change. The foremen say they have to make the incentive, so a lot would rather shut up and try it instead of finding another job.

Interviewer: Do the men have to change the way they do their jobs?

De Lucca: No, but now they work faster and steadier. They can't talk as they used to. The younger ones can change, but it's not easy on the others. There are some who don't want to try to make the incentive, but most of them could if they tried.

[redacted]

Interviewer: What do the men think about the incentive system, Mr. Rosetti?

Rosetti: Some are doing all right; some are too lazy. We had these time-study men once before, and the boys went along. After a few months under the old incentive we got production up and were making some money. Then the company said, "Fine, boys. We see what you can do. Just keep on and we'll pay you less than we ever did." Out went the bonus, and if you didn't keep up the pace, they got rid of you.

Interviewer: How is it going now?

Rosetti: They can't get away with that now. But they're playing games all right. They told the indirect men like us in the pipe department, "You'll get in on this bonus, so vote with us." We sold the thing to the membership, and now we would be better off without it. They were to build a common fund to be divided among all the indirect men. The production men on incentive were to get 30% bonus. We were to get one-half of what the production men got. So if the whole plant made 30%, we would get 15%. We didn't expect to get anything the first week because it wouldn't be much, but the company was to build up this fund and distribute it in 90 days.

Interviewer: The stipulation provided that indirect men would participate 90 days after the incentive was installed?

Rosetti: That was it, and it's not been 90 days either. Hell no. It's been 7 months, and what have we gotten? Nothing. The company is getting fat by keeping all our money for themselves.

Interviewer: How do the production men feel about the indirect men sharing in the bonus?

Rosetti: That makes me so damn mad. [Rosetti becomes excited.] That's what the production men say. They are dumb—just plain ignorant. They don't understand a thing. They would like to hog it all themselves. Where in hell do they think my pay has been coming from all along? Out of production, hasn't it? We are all on the same production wheel, and as the wheel

Diffin: The only way it passed was the print department all voted for it. The company got the votes where the standards were set so low it was easy to make the standard. The standards were set loose in some departments to get votes.

Interviewer: Why were the inspectors against it?

Diffin: They were afraid of working themselves out of a job. You can only print so much linoleum on the machines. What will happen if the inspectors speed up and finish ahead of the machines? Print machines can't turn out more just because the inspectors hurry. Someone will have to be laid off.

The company says they need incentives for more production. What they need is foremanship. If you have good foremen, you don't need incentives. But they won't have good foremen if they keep bringing them in from outside.

D. K. Coates, Consultant

Coates: The time watch will soon be a thing of the past. It won't be long until we have only synthetic standards. After we develop curves for all factors we will have a scientific basis for establishing incentives.

Interviewer: I am interested in problems you encounter which affect the attitudes of workers or relations with the union.

Coates: We emphasize that. The first thing I did here was to give a training course for supervisors. It is important we educate management first, so we always give a course. The thing wrong with incentive installations that have soured is there are no human relations. We do a constant selling job, especially to top management.

Let's look at the course outline. [Coates reads the course outline.]

1. Rules for straight thinking.
2. Progress and people.
3. Does the existing distribution of income tend to promote or retard progress?
4. Are we merely machine tenders?
5. Does the machine throw men out of work?
6. The industrial accountant and the need for incentives.
7. Types of averages.
8. Time-study techniques, including
   a. The Bedaux system
   b. History of time and motion
   c. Types of charts
9. Motion study.
   a. Twenty rules or principles of human motion
   b. Standard therbligs

The course was made especially for this plant. You will notice each page has the name Sedgewick-Cole in the corner. At the beginning, we state the basis for the course. [Coates reads from his lecture notes.]

This course will reaffirm the high purpose and the important responsibilities which beset the industrial engineer. Time and motion study is the one common denominator for the measurement of endeavor on a factual basis.

One of the first things we must consider are the human motors—people—and

the things that affect them. What is wrong with people? There are two outstanding things that are wrong. They are that it is human nature (1) to resist the new, and (2) to resent criticism. Like the parachute, the mind functions only when open.

We teach 23 workable rules of human relations. [Mr. Coates reads the following 11.]

1. Indirectly introduce the new idea so that the person accepts it as his own. (Sell 'em; don't tell 'em.)
2. Show respect for the other person's opinions. Never tell him he is wrong.
3. To get the best of an argument, avoid it. Nobody ever wins.
4. Try to see things from the other person's point of view.
5. Praise every suggestion or improvement, no matter how small.
6. Give the person a fine reputation to live up to.
7. Never accept a challenge.
8. Call attention to people's mistakes indirectly.
9. Make sure you pronounce and write his name correctly.
10. Remember we are all egotists, more or less.
11. Smile. Less effort required than to frown.

Interviewer: I have a good idea of the training you give.

Coates: This course gets us rolling. Then we start taking times. We didn't analyze plant layout or methods prior to making our time study here because there wasn't enough time. The company was anxious to have the system installed.

Interviewer: What do you do in a department before you use the stop watch?

Coates: We send a notice to the vice president in charge of operations, the plant manager, the director of personnel, and the foreman. When we go into the department, we tell the men to go on just as usual.

Interviewer: Have you had any problems?

Coates: In one department they were not making standard. I had the foreman come up to my office and asked him what was wrong. I told him his poor performance was a reflection on his ability. One of the problems is the failure of foremen to back up the standard. Of course a foreman won't have his department make 200% because it means something is wrong with the standard, and if he used his head he will peg his production at 130%.

EXHIBIT 1

SEDGEWICK-COLE CORPORATION (B)

Excerpts from Joint Incentive Stipulation

I. (1) The company agrees to increase the hourly rates of all employees by 8 cents per hour to compensate employees for the additional effort needed to increase present production to the standard production "norms" as established by the time study engineers.

(2) Having accepted the principles of establishing wage rates by evaluation and time study, it is agreed that employees will be expected to make every effort to maintain quality and production norms. Where employees fail to make reasonable effort, they shall be warned, and failure to comply with reasonable requirements shall be subject to disciplinary action, jointly agreed upon by the company and the union.

II. New or revised standards shall be presented to the union for two working days after which they shall become effective. A reasonable trial period of two weeks shall follow during which no grievance shall be filed. If during the first twenty-one days following the trial period the employees desire to protest the standard, they shall do so in writing, after which the union and the company time study men may review the standard together. If retiming shows a loosening of production standards would be justified, the new rate shall be retroactive.

III. Questions regarding incentive standards shall be settled on the basis of factual information developed by standard time study method. Union employed time study men may take time studies at any time

IV. *Cooperation by the Union.* The union recognizes that high wages can be maintained only by maintaining productivity. The union will cooperate in maintaining as high productivity as is consistent with the health of employees and will also assist in effectuating economies.

V. The amount of pay received shall be commensurate with the amount of production; that is, for each 1% of output above the standard as established by time studies, 1% additional pay shall be received by the employee.

VI. Time study information will be made available by the company to the union.

VII. Standard time values shall not be changed unless there has been an accumulated change in any portion of an operation which affects the over-all standard time by ten (10%) per cent.

VIII. Disputes which arise that cannot be settled as outlined in paragraph No. II shall be subject to the regular grievance procedure

IX. The company may at any time make the following changes in rates and job procedures or introduction of rates on new jobs:

(*a*) Make changes in the motions or methods of job procedures.

(*b*) Effect changes in incentive rates when the over-all standard time is changed 10%.

(*c*) Set new rates for new jobs.

X. The company has the right to study any worker performing the task under normal conditions. The studies will be normalized to the performance of an average worker (normal 100%) as established by time study.

XI. The rates shall be set so that this normal operator with an increased maintainable effort with proper allowance for personal fatigue shall have the expectation of earning 30% above the base rate.

XII. Indirect workers shall be covered by this incentive plan as soon as possible and their incentives shall be based wherever possible on the particular operation or group of operations which they service.

It is recognized that the level of activity of a worker who is not on incentive is usually at/or below standard effectiveness; therefore in all fairness to employees on direct incentive, indirect employees shall receive one-half for each one per cent of the incentive earned by the group or groups which they service.

The general increase of 8 cents is conditioned upon the attainment of the production increases specified in the standards and may be withdrawn if employees refuse to cooperate in maintaining the minimum production requirements as established by the standards.

EXHIBIT 2

SEDGEWICK-COLE CORPORATION (B)

Dispute Between Two Workers at Craftown

Mr. John Thomas, assistant to Mr. Tedrick, called a conference between two employees of the pulling-out department. Both Benton Allen, union vice president, and the foreman were present.

Thomas (m): Ed Mazzoco claims Mike Stanos threw a wedge at him from the top of the heater.[1]

Allen (u): What's up, Stanos?

Stanos (u): I'm not saying anything until I hear what people have been saying about me. [Mazzoco enters with Pinkie, another crew member.]

Thomas (m): Mazzoco, tell them what you told me this morning.

Mazzoco (u): Well, Stanos has been throwing wedges at me. This isn't the first time. He knew I was down on the plant floor. I looked up and saw him throw the wedge. I yelled at Pinkie and ran.

Stanos (u) [yelling and moving forward with fists clenched]: You be careful what you say! [Mazzoco backs into a corner. Stanos laughs.] You're crazy.

Thomas (m): You say you saw him? It seems unlikely that someone would throw a wedge at you.

Mazzoco (u): It was a wedge. Ask Pinkie.

Thomas (m) [to Mazzoco]: You say you saw him?

Stanos (u) [interrupting]: He doesn't know what he's saying, but he'd better be careful. He can't prove it. He couldn't have seen me throw it.

Mazzoco (u): I looked up, saw him throw it, yelled, and ran.

Stanos (u): Now listen to him! He must be a magician! He couldn't see me because I was on the other side of the roller.

Mazzoco (u): I saw him.

Stanos (u): You think you're pretty good, don't you? You must be a genius! You see me when no one else can.

Allen (u): You were on the other side of the roller, Stanos?

Stanos (u): Sure I was!

Mazzoco (u): We've been having arguments. He keeps yelling at me all the time.

Stanos (u): If I didn't, I'd be working for nothing. I can't make any money waiting on you.

Mazzoco (u): Well, I just can't do it, then. I'm doing my very best. Look at my fingers from pulling that linoleum down. I do the best I know how.

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[1] The disputants, Ed Mazzoco and Mike Stanos, were members of a crew of six. After linoleum is processed through print machines, it is hung in 90-feet-high heaters to be dried. Once dried, the linoleum is pulled to the *top* of the heater by four crew members, moved over a roller, and lowered to the plant floor where the other two crew members roll it for inspection. Wedges are used on top of the heater to assist crew members in "pulling-out" the linoleum.

Thomas (m): You know what you are saying? If someone hit you, it might kill you. It would be murder. You are accusing Stanos of trying to murder you.

Pinkie (u): It fell close to me. Mazzoco yelled and ran. I didn't have time to move.

Stanos (u) [speaking to Mazzoco]: You think I'm crazy? If I threw a wedge at you I ought to be in a nuthouse.

Mazzoco (u): Well, I saw it coming.

Thomas (m): Then you didn't see Stanos throw it?

Mazzoco (u): I saw it coming and Stanos was up there. He doesn't think I work fast enough.

Stanos (u): I am not going to the poorhouse for you. If someone doesn't keep after you, we wouldn't make a cent.

Thomas (m): You boys ought to take care of this stuff on the outside. What you do on the outside is your business, but you ought not to bring it into the factory.

Foreman (m): Then, Mazzoco, you didn't actually see Stanos throw it, did you?

Pinkie (u): Those things are always falling. It fell close to me.

Thomas (m): That is all, boys. You can go back. [Stanos, grinning, slaps Mazzoco on the back.]

Foreman (m): What is wrong with Mazzoco? We had him in another department, and he didn't like it so we put him on the presses. He "blacked out" there so we put him in the pulling-out department.

Thomas (m): He wants to be changed again. He doesn't want to work. If you keep moving him, it will set a bad example.

Allen (u): Someone has been razzing him and he can't take it. Keep him where he is.

Thomas (m): Mazzoco is lucky that Stanos was feeling good. Stanos was in the marines, and he gets rambunctious at times. Something is bothering Mazzoco. I will find out sometime, but I won't bother him now.

Discussion Questions

1. Evaluate Mr. Tedrick's handling of the installation of the wage-incentive plan at Craftown. What, if anything, would you have done differently?
2. How do you explain the actions of the inspectors?
3. Should companies have and utilize the right to initiate grievances?
4. What effect is the introduction of incentive wages having on the social organization of the Craftown plant?
5. If you had been the management consultant hired to install the incentive program, what would you have done? What would you do were you to be hired at the conclusion of this case?

COLBY GREEN COMPANY

INTRODUCTION OF REVISED COMPUTATION OF INCENTIVE WAGES

I

In October, Local 00 of the United Steelworkers of America, CIO, and the Hoboken plant of the Colby Green Company submitted the following question to their standing arbitrator for final decision:

Does the company violate paragraph 47 of the current agreement by extending to the Core subdepartment and the Grinding subdepartment of the Foundry the revised method of computing total earnings without the affirmative vote of the employees concerned?

Paragraph 47 read as follows:

Conversion to the revised method of computing incentive wages may be requested through departmental stewards and committeemen who will cooperate in handling this on a departmental basis.

II

The Colby Green Company manufactured a wide line of valves, fittings, piping, and tools for the plumbing and steamfitting, oil and gas, railroad, public utility, and mining and smelting industries. The company had built a good reputation for its products, which were sold nationally in a highly competitive market. Its branch plants, located in a number of states, employed from 250 to over 2,000 workers.

Incentive Wage History. As an inducement to its workers to increase their production, the company had introduced an incentive wage plan, based on time studies, in the late 1920's. This plan enabled a worker to increase his earnings by increasing his output of work relative to a quantity of work specified by the company as standard. The company specified as standard the quantity of work produced by a normal worker operating, not at his former pace, but at *the pace to be expected under the inducement of the incentive wage.* Since the common experience of other companies was that workers paid under incentive plans produced roughly 15% to 30% more than workers paid hourly wages, the Colby Green Company decided to begin its incentive wage premiums when a worker produced more than 80% of standard. A man attaining 81% of standard performance for his job gained as an incentive wage 1¼% of the base rate for the job, one attaining 82% gained 2½% "incentive," and so on, by the 1¼% increment per 1% greater output until, at standard performance, or 100%, a man gained 25% of the base rate. Performance above standard, of course, was rewarded by the same incentive increments.

As the company and the union contracted for wage increases for all plants, subsequent to 1941, the base rates upon which incentive wages were computed remained unchanged. In computing earnings, these horizontal increases were added to the individual's base rate plus earned incentive. The original time studies upon which piece rates for all operations were based remained in effect except in those instances where retiming had been required because of a significant change in material, equipment, or method.

Prior to the negotiation of the current two-year contract, the management had become convinced that it would be desirable to assimilate all horizontal hourly rate increases into base rates by adding them to the base rate for each job and by making these totals the respective base rates upon which incentive payment would be calculated. The management believed that this new method would simplify its bookkeeping, would be easier for the workers to understand, and would strengthen the incentive to the workers in

that incentive earnings would be applied to a greater base. Since 1941, incentive earnings had become a smaller proportion of total take-home pay as the horizontal wage increases mounted. These increases had nearly reached an amount equal to the 1941 base. Inasmuch as most workers were performing well above 80% of standard, the management contemplated raising the production rate at which incentive earnings would begin and reducing the percentage of the incentive earnings accordingly. Under this method incentive wages would begin at 87% of standard efficiency and increase regularly by increments of 1.15⅓% per 1% output increase to reach a gain of 15% of the new base rate at standard.[1] Under the contemplated method, however, the worker who performed at standard would earn more than under the old system. (See Exhibit I.) Incentive earnings would, as previously, continue at an undiminished rate above standard. No changes in time-study standards were made. Experimentation with the new method of wage computation in the largest department of the Hoboken plant, the brass core department, had resulted in generally higher take-home pay, which assured the management that this new method of computing incentive wage rates was superior to the old.

In the negotiation of the current contract, therefore, management submitted to the union the proposal to change the method of incentive computation. After thorough discussion the union gave its consent, and paragraph 47 was incorporated into the agreement to provide for the new plan.

The following wage clauses were carried forward from the previous agreement:

45. Incentive rates will be established by time study in the accepted standard basis. New incentive rates will be determined by the company and will be explained to the operator. In the event that the operator and/or the union representative believes that the rate is not set in accordance with the accepted standard basis, or the rate thereby established is incorrect, he may present his disagreement as a grievance in accordance with the grievance procedure.

46. When changes are made in equipment, method of processing, material processed, or quality or production standards which would result in a substantial change in job duties or requirements; or where over a period of time an accumulation of minor changes of this type have occurred which, in total, have resulted in a substantial change in job duties or requirements, adjustments of hourly, incentive, piecework and tonnage rates, may be required. In such cases new wage rates shall be installed in the following manner: the job evaluation will be reviewed and/or revised incentives established.

The management of the Hoboken plant began gradual installation of the new computation plan in one department after another as accounting procedures could be adjusted and punch-card operations set up. In the brass core department in which the initial experiment had been conducted, and in the next largest department, steel finishing, the workers involved voted on whether they wished to convert to the new system. In both cases, the vote was affirmative and the change-over was made. No further ballots of this kind were taken before the new method of incentive wage computation was installed in other departments. In each instance, however, the foreman of

[1] 80 + 25% of 80 = 100; 87 + 15% of 87 = 100

the department discussed the new plan with the workers and the shop stewards in advance, showing how it worked and what the expected increase in wage payments would be to the individual workers at their past average operating efficiencies. After the first pay period following the installation of the new system, any questions raised by the workers were discussed thoroughly to their apparent satisfaction.

Origin of the Dispute. About one year later, after the new method of computation had been accepted in the majority of the departments, management prepared to introduce it into the foundry. On July 16, Mr. Havens, the general foreman of the foundry, which included the core subdepartment and the grinding subdepartment, called together those employees and their shop stewards; he explained the arithmetic of the new method; and he reviewed with the workers their prospects of making as much or more, at their usual operating efficiency, under the new plan. He proposed to make the new plan effective August 2, and requested the cooperation of the stewards and employees. He assured them that supervision would want to discuss any questions they might have, as experience accumulated.

On August 2, all 15 grinders entered the following grievance:

> We grinders in the foundry do not want the new incentive system and claim it was forced on us in violation of contract as per paragraph 47.

On August 4, all 28 coremakers entered a similar grievance.

The report of the foreman at the first discussion of the grievance was supported by management through the subsequent steps of the grievance procedure as provided by the contract. They stated that paragraph 47 of the agreement contained no prohibition on management's right to install the new incentive system where possible and practical. Over a year's experience with such installations in other departments had shown that, if a man turned out a fair day's work, he gained financially without the expenditure of additional effort.

When it became manifest that mutual settlement was impossible, the parties agreed to submit the grievance to arbitration.

III

Hearing Before the Arbitrator, November 20

Representing the Company

R. L. Brown, General Manager
T. W. Lindquist, General Superintendent
H. J. Havens, General Foreman of the Foundry
C. S. Dalrymple, Staff Assistant to the General Manager

Representing the Union

Norman S. Fine, Attorney
Arthur Fellucci, Staff Representative
H. L. Kohler, President, Local 00
C. R. Lacey, Vice President, Local 00, and Chairman, Plant Grievance Committee
A. Reggio, S. Oliver, Witnesses from Core Room and Grinding Section
L. Dohren, R. Wetherbee, C. Hoffman, K. Darjag, Plant Grievance Committeemen

The following excerpts are extracted from the testimony:

Fine (u): I'd like to explain just how this grievance came about. At the negotiation of the current contract, the company proposed that all accumulated general increases be added to the base rates to make these totals thereafter the base for the incentive system. Under the new plan, at 100% efficiency the employees would receive 15% instead of 25% additional incentive earnings. In the argument and discussion in the negotiations concerning this plan, one point relevant to this case was definitely made. The union would cooperate with the company in converting to this new system. But the initial decision was entirely up to the individual departments as to whether they wanted the conversion. If they agreed, the union would cooperate and explain it to them, etc., and it would go into effect.

In line with that agreement, the company began with two major departments. After it was explained to the employees, a secret ballot was taken. In those two major departments the employees signified their agreement, and the change was effected with the full consent of the union in these two cases. In contrast, however, in the foundry the employees were told that the new system was going into effect on such and such a date. That resulted in the filing of these grievances. The men did not agree to it and did not want it. We admit that in the majority of cases it is to the advantage of the employee; but the reason the union objects to the installation of the plan is that we are the exclusive bargaining representative, and we reserved the right to the individuals themselves in each department to refuse it. Certainly the union would have no right to ask for any increase during the life of the contract—and we likewise say for the company unilaterally to make a change during the life of the contract is a violation of the agreement.

Arbitrator: The union would have no objection to extending this plan if the people themselves want it?

Fine (u): That's correct. But I wish to point out the difference affecting the men who are not operating at 100%. The break-even point for the employees is now 87% instead of 80% of standard efficiency. That is, employees working at 80–87% would make some incentive earnings under the old plan and none under the new. Those working between 87% and 95% would make something under the new plan but not as much as under the old. From 95% up, they make more under the new plan. [See Exhibit II.] Now, those affected adversely will be employees who have worked for the company for years but whose efficiency has deteriorated because of old age. Or take someone who may not be able to operate at 95% of standard because of impaired health or some other personal reason—he loses. The new system favors the faster, younger men, of course. The company has stated that they demand only "a fair day's work for a fair day's pay" and that "we have the right to discipline or discharge" men who do not give it. Well, before, the measure of a fair day's work began at 80% of standard; now it is 87%; and there is a pressure to make it even 95% and above. Accordingly, we feel very strongly that the matter should be left to the department as to whether or not they want the new plan. And that is what the contract provides. I think that covers the case.

Arbitrator: Let's hear from the company.

Brown (m): Well, sir, I would not disagree in most respects with Mr. Fine. There is no dispute as to the arithmetic. But after listening to the union I would like to take a couple of minutes to say a few things. I do believe we are working to the same end—the best earnings for the greatest number of people and to make it possible for the company to pay these earnings. I don't know that the union feels—nor do we feel—that we acted without proper motives. That's right, is it not?

Fine (u): I'll agree as to the purpose of the change. But about the requirements of these less efficient employees and how the motives of the company affect them. . . .

Brown (m): Okay, you make reservations. Right. But any time a grievance arises there is some failure along the line to secure mutual understanding. The proposal obviously was not sold to the foundry workers. I think it is fair to state that, if the union had maintained a desirable level of responsibility and a sort of sensible cooperation in the spirit of the contract—the contract underwrites in the preamble "the best level of employee performance consistent with safety, good health, etc."—we might not have wound up with a grievance. However, we did get "balled up" and we need some help. As standing arbitrator, you need not be told that we have had trouble in the grinders' section before. And the union representatives will not deny that these men have balked at other rate agreements that the union made with us. They have balked even to the extent of downing tools in illegal walkouts.

Arbitrator: But the coremakers apparently support this grievance now before me?

Brown (m): Yes. The core room is a good crew. They worked upstairs until a few months ago when we moved them next to the grinders to improve internal transport. But I don't know why the grinders always seem so burned up. That's the most distrustful crew in the plant.

Lacey (u): Well, the older men have reasons to be afraid of this new setup. There are a lot of grinders over sixty.

Brown (m): I don't see why, Charlie. Haven't we always given all the men a good break—the older men as well as the young fellows? Your son is working in the core room. He probably would be able to tell you firsthand if there was any real instance of unfairness. And we are submitting the actual payroll figures. The grinders asked Reggio to represent them here. He's a young fellow; I don't think he can cite any concrete unfairness to anyone. He'll probably testify.

But, first, I'd like to talk about the position of the union with which we cannot agree. Essentially the union is asking the arbitrator to rule out the new system. For wage computation must be consistent throughout the plant. We can't operate permanently under one incentive system in most departments and under another in a few dissident ones. If we go back for the needed uniformity to the old incentive system, moreover, it can be proved beyond question this would cause a considerable financial loss to a great number of employees. It is a matter of payroll record that practically every-

one is doing better, even in the complaining departments, as we showed in our exhibits. [See Exhibits III, IV, V.]

Anyhow, for the present we are committed to this new plan; and the one big difference of opinion is what procedure of actual installation is called for under our existing arrangement for working together on an agreed plan. You might ask why didn't management and the union negotiate—put it down in iron-clad writing. It was not done because [turning to the union group] your top officials understood the proposal and believed in the honesty of the company. The company negotiators understood the reluctance of the union to raise a point of complicated arithmetic before the actual proof by trial had demonstrated itself. The present clause as I remember was suggested by the district director of the union. We purposefully left the wording sloppy because we were willing to trust the union. We were satisfied that there was no bar to a progressive conversion that would ultimately, department by department, put the whole plant on the new system. We also understood that the union bargained as usual for its entire jurisdiction. And the arrangement worked for a year and a half. This grievance brings up our first difference. We believe that it was properly and completely understood that the words—in paragraph 47 "may be requested through departmental stewards"—were simply intended to assure priority of installation, when technically feasible, to departments in the order they specifically requested it.

Fellucci (u): That is true.

Brown (m): It was sloppy wording. I'd like to put together a story from firsthand testimony, hearsay, and deduction and see whether it rings fairly true with you [turning to the union group] who know the score. We had explained to the coremakers and grinders what we proposed to do, and what the arithmetic was, and what the advantages would be, before we put the new system in. We have done that in every case before. There have been groups converted to the new system of computation without any vote as well as those that did vote. It seems that in this instance a few people who thought there was hokum in the plan talked to the union leaders and were told, if they had a grievance, to enter it and it would be processed. These one or two people thought they had strong backing from the union and entered a grievance and immediately started a slowdown. Let's not kid anybody on that.

The situation in the foundry was complicated somewhat by the presence of a good many older men in the valve department—not even a part of the foundry—where the plan has not yet been installed. The foundry men feared that if they accepted the new plan without protest the company would claim the right to install it in the valve department without a vote. We talked the matter over with the workers in the valve department and I think we cleared up some of their concerns on that score. The best possible explanation was given to the coremakers and grinders. The molders, not ten feet away, in another subdepartment under Mr. Havens, had recently switched over to the new incentive. They also had questions at first, and Mr. Havens satisfied them with his explanation as they went along. But now the union is taking the stand that the company can extend the installation only on receipt of an affirmative vote of each group.

Let me dispose of a couple of points which may explain why the union is so dead set now in its position. About the older men, we have a clause in the contract providing for those employees. As to the past record, the policy, and the action of the company in this respect, you could solicit the opinion of the people present. We have today on the plant payroll 70 people from 61 to 65 years of age; 45 people, 66 to 70; 13 people, 71 to 75; and 2 employees, between 76 and 79 years. We have consistently and intentionally kept everybody employed on some work where he can be happy and safe no matter what his age is. I don't think it is quite fair to imply that we threatened reprimand or discipline to any employee because of his age or physical condition.

True, the company complained about the slowdown where grinders, who the day before had been running 110%, 115%, 120% of standard performance, operated the next day at only 80, 87, or 90%. You bet we complained about that. It is unfair; it is silly; it takes money out of the man's pocket and the company's pocket. It is your right to have a job if you want; but, if you do have a job, then you should work reasonably well or say I don't want the job at all. I told Fellucci that, if the men do not choose to operate at somewhat near to what they had been accustomed to working, we should get some other people. Discipline them, yes, I said that. An intentional slowdown is certainly subject under our contract to both company and union discipline.

I am sure all our men here will grant that, if a man is ill or has had an operation, we shift people around to give him lighter work until he is in shape again. I don't think the union is really worried about that.

We bargained with the union and contend that it bargained as always for its entire jurisdiction when it agreed to the new plan of computation. We feel that the company is within its rights and should extend the plan fully. That's my book.

Arbitrator: I'd like to get away from the technical and explore the situation a little more. It is not unusual for a particular group to throw up a bloc to a new system of incentive computation or anything else new. There frequently are suspicions that a new thing might bring some unwarranted threat. Quite a number of times we have managed to correct this feeling with the result that everyone got better results. I'd like to try that here.

Fine (u): This grievance never would have arisen if they had taken a vote. I believe, even today, if a vote were taken it would be affirmative. But, about our bargaining for the entire jurisdiction, management, I'm told, used the words "no one would be forced to accept it."

Fellucci (u): Management said it would not be forced upon the men.

Arbitrator: A formal ballot wouldn't solve the problem. I'm interested in knowing why this group said "No"—the first to do so, as I understand it. After all, if the union tells me the parties agreed that "no one would be forced to accept it," I still must find out whether that means prior discussion and continuous effort to meet questions and misunderstandings together, or exclusively an affirmative vote in and by itself. You have submitted this issue in terms that call for a specific interpretation of paragraph 47. But the

question remains why was there a group veto, so to speak, for the first time in a year and a half when the plan reached these men?

Lacey (u): I can tell you why. Some employees under the new system would lose from 6 cents to 11 cents an hour, and the employees in these two departments didn't want their brothers in another department to take a cut.

Arbitrator: You think they would take a loss?

Lacey (u): It was figured to be 6 cents to 11 cents even though they are operating over 100% of standard.

Arbitrator: That seems impossible under the new plan.

Brown (m): Answering that point briefly, there is a condition in the valve department that arose from job evaluation adjustments made a few years ago. These brought job rates in each department in line with those of similar jobs in other departments. There were some adjustments upward as in steel finishing of 5 cents or as much as 11 cents, but there were also a few minus adjustments as in the valve department. But minus adjustments have not been applied to any men then on the job. Mr. Lacey here works in the valve department, and as union president he knows we've always been ready to discuss rate inequities. But there were no minus adjustments in grinding or coremaking.

Reggio (u) [interrupting]: Well, there used to be 15 grinders. Now they can hardly supply enough work to 7 grinders. They have taken our work away from us. With no material to grind, this new method would not do us any good. Under the old system we were guaranteed $10 a day and what we could make besides that on incentive. Now I have to break my neck to make the same amount with the new break-even point so high.

Kohler (u): What a compromise we have made—from 25% incentive to 15%! The base rate is what we workers look at to decide if we are making a fair day's pay for a fair day's work. If management wants an incentive wage, they ought to be willing to pay 25% over the base.

Arbitrator: They are relative percentages; it is now 15% on a higher base. What per cent of standard have you produced, Mr. Reggio, under the new system?

Reggio (u): Between 90 and 95.

Arbitrator: What have been your earnings?

Reggio (u): $13 for an 8-hour day, based on tonnage.

Arbitrator: That's about $1.63 an hour. [Looking at Exhibit II.] Am I wrong in believing that works out to far above 95%?

Reggio (u): We've had good stuff to work on lately. Big stuff. But the cream of the work will be going to the "nibblers." We are going to get the light stuff.

Arbitrator [to Mr. Brown]: What about this work being taken away from the grinders?

Brown (m): In the grinding room we have some nibblers—new trimming presses that trim gates off with a shear. At first one was used experimentally, and we now have three or four men on these machines *who were grinders.* Nibblers do a better job qualitywise than a grinding machine. Another

factor is that we have recently had a higher proportion of large castings which require less grinding per ton of material. And the grinders are paid in part on a tonnage basis. This is not a permanent shift. A short while ago we had a high proportion of small material and were dammed up with work. In any case, if we have a larger proportion of the work done by the nibblers in the future, there will be jobs available some place else in the foundry for the grinders.

Reggio (u): These changes confuse me. There are just too many figures for us. Some of us have never gone to college. [Laughter.] When we get all these explanations, they sound all right for today. But we've got to think of tomorrow, too. Yesterday *we* had all the big work; now the nibblers get it and they are laying grinders off.

Fine (u): That doesn't relate to the system of payment. Regardless of the system, if there isn't work you can't make money.

Reggio (u): Well, why don't the company make a whole new study under the new setup? If the same kind of work is not going to come through, they need new standards. It looks as if they put in a new machine just when a man makes a little money. These exhibits the company has are just a bunch of papers.

Fine (u): We're not getting anywhere. Let a vote be taken.

Arbitrator: A vote now or a formal decision on this grievance would not be a solution for anyone. What you want is to get over a problem and see that it works out equitably. I am willing to do what you want me to do. But in a couple of other cases I brought a man into the plant to investigate the case. In fact, I have in some situations called in a man who is an engineer for a union. He happens to have a flair for talking with men and getting to the bottom of suspicions. Where it has been done it has worked out well. You all want the same thing here.

Reggio (u): If the company put it to a vote, the men would vote in favor if they had a guarantee of the future.

Fellucci (u): That wasn't the question. If it is decided that the company has the right to set up this new incentive plan without the employees' consent, they will cite this case as a precedent.

Fine (u): I don't know what the solution would be. Maybe the company has a suggestion to protect the employees in the future.

Brown (m): I think perhaps the arbitrator has suggested a very good thing. Maybe the situation needs a person representing him, investigating this condition to ease all the thoughts and problems out. If the union also is willing to approach it with an open mind, maybe we can get somewhere.

Arbitrator: Will you abide by my procedure, both of you?

Brown (m): It is in your hands.

Fellucci (u): We felt that your ability and knowledge would pave the way.

Within a few days, the union engineer who had been mentioned by the arbitrator and a member of the arbitrator's office went to Hoboken to explore the situation.

EXHIBIT I

COMPARISON OF OLD AND NEW METHODS OF COMPUTING INCENTIVE EARNINGS AT STANDARD PERFORMANCE

Coremaker

Old Method		Horizontal Increases (in Cents)	New Method	
Base rate	$0.65	12½, 7½, 18½, 15, 6	Base rate	$1.245
25% of base rate	0.1625		15% of base rate	0.18675
Horizontal increases	0.5950		Total earned	$1.43175
Total earned	$1.4075			

Grinder

Old Method		Horizontal Increases (in Cents)	New Method	
Base rate	$0.63	12½, 10½, 18½, 15, 6	Base rate	$1.255
25% of base rate	0.1575		15% of base rate	0.18825
Horizontal increases	0.625		Total earned	$1.44325
Total earned	$1.4125			

EXHIBIT II

COMPARATIVE HOURLY RATES FOR GRINDERS

Percentage of Operating Efficiency	Payment under Old Plan	Payment under New Plan
(80)*	($1.255)	$1.155
81	1.262875	1.170
82	1.270750	1.185
83	1.278625	1.200
84	1.286500	1.212
85	1.294375	1.226
86	1.302250	1.241
(87)	1.310125	(1.255)
88	1.318000	1.270
89	1.325875	1.285
90	1.333750	1.30
91	1.341625	1.313
92	1.349500	1.3278
93	1.357375	1.342
94	1.365250	1.3566
95	1.373125	1.371
96	1.381000	1.3855
97	1.38875	1.3999
98	1.396750	1.4143
99	1.404625	1.4288
100	1.4125	1.44325

* The circled percentages and rates indicate the respective "break-even" points.

EXHIBIT III

AVERAGE EARNINGS PER HOUR—FOUNDRY

Coremakers				Grinders				
		Pay Ending				Pay Ending		
Empl. No.	Name	6/30 (Old Plan)	9/30 (New Plan)	Empl. No.	Name	6/30 (Old Plan)	9/30 (New Plan)	10/15 (New Plan)
241	Rose Tacconi	$1.375	$1.70	741	L. Napoli	$1.415	$1.98	$1.52
217	Lora Sweetser	1.28	1.38	747	H. Giorni	1.525	1.85	1.705
219	Frances Upton	1.18	1.24	749	B. Napoli	1.365	1.585	1.615
224	Marta Lubich	1.34	1 49	750	F. Napoli	1.365	1.45	1.34
227	Mary Taranto	1.24	1.38	752	B. Franchinni	1.79	2.345	2.19
229	Lucy Marvich	1.30	1.32	757	A. Reggio	1.41	1.90	1.595
234	Maria Cappadona	1.20	1.275	784	O. Pavanni	1.405	2.575	1.94
235	Will Lacey	1.525	1.58	785	H. Bartok	1.285	1.545	1.365
				789	L. Gnoschock	1.45	1.995	1.755
				790	M. Garribaldi	1.65	2.505	2.30
				792	K. Bey	1 68	1.88	1.835
				796	D. Caranci	1.365	1.895	2.05
				799	N. Truro	1.345	1.925	1.32
Average		$1.303	$1.421	Average		$1.465	$1.955	$1.73

EXHIBIT IV

NUMBER OF EMPLOYEES AND PERFORMANCE PERCENTAGES, PAY PERIODS JUNE 30–OCTOBER 31

Coremakers				Grinders		
Pay Period	Number of Employees	Average % Performance	No. Employees Below 95%	Number of Employees	Average % Performance	No. Employees Below 95%
June 30	24	102.6	5	21	109.0	5
July 15	21	99.5	4	20	106.5	7
July 31	19	102.2	2	16	96.5	14
Aug. 15	24	125.5	4	21	102.2	17
Aug. 31	22	125.5	2	21	102.5	4
Sept. 15	23	123.7	1	19	137.7	1
Sept. 30	24	123.7	2	15	154.5	3
Oct. 15	19	123.2	1	18	137.5	3
Oct. 31	19	120.0	2	20	137.2	2

* The broken line lies in the transition from the old to the new plan of incentive computation.

Exhibit V

Individual Performance, Pay Period November 15

Coremakers		Grinders	
Employee Number	Performance %	Employee Number	Performance %
203	111 3	728	175.5
207	121.5	735	108.7
208	124.2	741	106 7
211	116.7	747	117.7
212	123.2	749	107.0
214	132 0	750	94.5
217	117.2	751	152.0
219	102 7	752	149.7
224	124.5	757	118.0
229	115.0	758	111.0
234	115.5	784	132.7
236	131.0	785	109.0
237	113 5	789	126 5
246	144.2	790	135.6
249	110 5	792	129 5
250	125 7	794	106.7
267	114.2	796	127.7
270	131.0	799	93.0
272	121.5	740	96.5
280	136 5		
Average	123.0	Average	118.5

Discussion Questions

1. Make an analysis of the situation, based upon the information here available, containing: (*a*) your evaluation of the measures taken by management to gain consent and a smooth transition to the installation of the new method of incentive pay computation throughout the plant; (*b*) your judgment as to the focal sources of the difficulties encountered in the foundry, and whether these difficulties reflect among other things any failures of "union responsibility," as implied by Mr. Brown, and if so, what failures.

2. Assume you are the member of the arbitrator's office assigned to explore this dispute jointly with the union engineer. Outline a preliminary plan for your field investigation at the plant, indicating: (*a*) the type of considerations you would discuss with this engineer preparatory to your trip to the plant; (*b*) the men you would plan to interview at the plant and the reason for these choices; (*c*) the kind of information or other data you would seek from them and how you would try to elicit it; (*d*) the essentials of what you tentatively define for yourself as "a satisfactory solution" to the problem. (If you feel you might want to concentrate upon any focal points of investigation in creating groundwork for acceptance of your solution by both parties, indicate what they might be.)

MONTAUK MILLS

TIME STUDY UNDER A NEW MANAGEMENT

I

The Montauk Mills and the Textile Workers Union of America (CIO) appeared before Mr. William Creighton on June 27 to arbitrate an issue they had presented in the following submission:

> Can the winder tenders earn as much per hour on the new piecework rates as they did on the old piecework rates with the same effort and attention, and if not, what rates should be paid to produce such earnings?

The following persons were in attendance:

For the Company	*For the Union*
Roy Meredith, Counsel, Hudson, N. H.	Charles Lebrun, National Representative, Textile Workers (CIO)
Arthur K. Billings, Treasurer, Montauk Mills	Emile Dollette, President, Local Union
T. Lawrence Holt, Plant Manager, Montauk Mills	Yvette Marcelle, Winder Tender
Herbert Willard, Works Manager, Cottray, Inc., New York, N. Y.	Albertine Gilbert, Winder Tender
Thomas Young, Industrial Engineer, Shelton & Norris, Inc., Boston	Marie Blanchard, Winder Tender

Meredith (m): Perhaps a short background of the question at issue would be helpful. Cottray, Inc., as you probably know, is a national concern with mills throughout New England and the South. It acquired ownership of the long-established Montauk Mills, located in Milltowne, N. H., some ten months ago; the mills produce cotton and rayon cloths. The union and company have had a contract at Milltowne since 1942. The new owners of course will carry forward the contractual relationships.

Historically, the rates for winding have always been piecework rates. But when the rates are to be changed for any reason, the winding machine tenders —or winder tenders, as we call them—go on hourly rates until the new piece rates have been settled. Last September when the new management of Cottray took over these mills, the production schedule was changed to turn out more rayon and less cotton. Management also decided to engage in job study and time analysis to set a new rate schedule. Rates hitherto had been set by the plant manager. Accordingly the winder tenders were placed upon an hourly rate, pending the construction of new piecework rates. That hourly computed rate paid $32.98 per week.

The company initiated its studies on September 11 last year; by April 29 the new rates were ready. But the union challenged them and we got this dispute. The contract establishes a wage scale but does not permit reductions in wages. Hence the issue is whether the new piecework rates are adequate

and fair by comparison with the earnings yielded under the old rates in effect prior to last September 11th. Do they yield the same or greater pay?

I will now call Mr. Holt. Mr. Holt, how long have you been superintendent?

Holt (m): For seven and one-half years.

Meredith (m): And have you worked in a textile mill yourself?

Holt (m): I cleaned looms when I was 14 years old and I have worked at textiles ever since.

Meredith (m): Now, Mr. Holt, will you please explain the winders' work? What do they do?

Holt (m): The essence of the winding operation is the unwinding of a package of yarn through a tension, down onto a spindle, and onto a bobbin. This is done in order to get the yarn onto a bobbin sized to fit the particular loom on which it is to be put next. The girls are required to wrap the yarn around the spindle, insert the bobbin, and put the bunch builder in place; but once started it winds automatically. Then they go on to their next spindle and after thus starting a cycle of spindles, they come back to their first spindle. When it is filled, they take the bobbin and tie a loop-the-loop knot which prevents the end from sloughing down while being carried to the weave room. They then take each full bobbin and place it on a 60-bobbin pin board. Resuming the cycle, they put another empty bobbin on the winding machine. Supply packages and empty bobbins are brought to them.

When a board is filled, the girls write a ticket identifying the yarn and the date it was wound. They then bring the board to a designated place, at the farthest not more than 10 yards away. The girls are paid according to the number of full 60-bobbin pin boards they complete. They bring the filled pin board to the truck, and return with an empty pin board which they will begin to fill.

Meredith (m): Now, Mr. Holt, what does Exhibit No. 1 present?

Holt (m): This is a facsimile of the rates from which the department clerks make up the payroll. Most rates have been in effect for years. The only variation on all rates since 1942 is the addition of the horizontal increases negotiated. These have been added to every piecework rate. There is a separate piecework rate for each type of yarn. At the end of each week each girl's earnings on piecework are calculated. Then there is added the horizontal increases on an hourly basis.

[There followed detailed testimony regarding Exhibit 1, by which the following was established: (1) "Old" piece rates, as of September 1, covered the winding of three types of yarn—rayon, cotton, and glass. (2) The present dispute concerned only the rates for winding rayon yarns on Number 90 Universal Winders (a type of machine). (3) The old schedule included a time rate of 49.8 cents per hour, paid to experienced operators when work conditions beyond their control introduced abnormal elements into the job, or when piece rates had to be revised. Although company witnesses emphasized that this was a guaranteed hourly rate paid only under abnormal job conditions to experienced operators, or "pending new rates," they showed also

that it constituted, with the addition of the general hourly increases, the rate paid during the recent time studies. It yielded a weekly pay of $32.98.]

Meredith (m): Now Exhibit No. 2 lists specifically the so-called new rates. What kind of yarns do they apply to?

Holt (m): These apply only to rayon yarns. These are the rates the company desires to install, the "new rates" over which the dispute has arisen.

[There followed considerable testimony regarding Exhibit 2, by which the following was established: (1) Time studies conducted since September 11 had, by April 29, measured winding operations on the 117 rayon yarns now to be included in the production schedule. (2) The basic job elements and variables considered in establishing the rate for each yarn had been explained to the union. (3) Rates in a number of yarns were "left open" so that adjustments could be made for possible changes in any of these variables. (4) Some rates were exactly comparable with the old rates; some were "new" in containing changes, *e.g.*, in the number of spindles assigned each operator. (5) But not one rate was lower than the former "basic rate" of 9.7 cents per pin board of 60 bobbins. Instead, about one-half were equal to, and one-half higher than, former rates. (6) The operation of cleaning machines, a part both of the former job and of that on which the new rates had originally been set, had been removed from job requirements during the month after the new rate schedule was announced, without any corresponding reduction in the new rates. (7) The number of spindles assigned now were given as a range, so that the winder might, if she so desired, handle an extra assignment, usually of 10 spindles, in her free moments, and thus increase production and earnings. (8) A guaranty of the new rates had been added to the schedule after May 23 to meet the suspicion of the winders that if they produced more, rates would be reduced. Winders were assured that no changes would be made except to reflect changes in the actual job operations on which rates were set, those operations being enumerated in the guaranty.]

Meredith (m): That covers Exhibit No. 2 for the present. I will now turn to Mr. Thomas Young, of Shelton and Norris, Inc., the industrial engineer who has been working on these rates for about six weeks. Are the new rates in Exhibit No. 2 your work?

Young (m): They are the work of our company. Another engineer actually built these rates. I have been checking them. In some cases I have built new rates where the supply packages had become smaller for that means more frequent changes and hence I set higher rates to compensate for that additional work.

Meredith (m): Now, I think it would be of assistance to explain how the rates are arrived at.

Young (m): We set rates for 117 types of yarn. For each rate we divided the job into parts, or elements, for timing purposes. For example, there is the element of "yarn package out and in" and then "tie knot." There is another element of removing the finished bobbins, and another element of tinting the yarn for identification, and then an element of taking away the full board and returning with the empty board. So, by timing each element, standards

are determined. Then there are certain variables that affect the job which also have to be determined.

[Mr. Young thereupon detailed in this way the concrete job operations and variable factors which entered into the time studies, illustrating by interpreting a page from the data books that contained the calculations on which a new rate had been set on one yarn.]

Young (m) [concluding his exposition]: Thus, we finish up with a total of 9.42 minutes, the time to produce a 60 bobbin board.

Meredith (m): That does not mean that it is the length of time that it will take the labor plus the machine to produce the board?

Young (m): No, that is the actual time the employee herself is involved in the work of producing the board. And then to that, in order to compensate for variables that you are bound to get, like a slow spindle upon which the bobbin rotates, occasional difficulty with a supply package where the end of the yarn is buried, and in order generally to be on the conservative side, we have added 10% interference factor to that over-all time, which gives us a total of 10.362 minutes as against the calculated standard time of 9.42.

Since the expected piece work earnings for a good operator are 56 cents an hour, or 00.93 cents per minute, a board which takes an over-all time of 10.362 minutes gives us a price of 9.7 cents per board.

Meredith (m): With or without the general increases?

Young (m): Without the general increases.

Lebrun (u): Theoretically.

Young (m): What do you mean, theoretically? The general increases are added to the piecework earnings.

Meredith (m): Let me ask this question, Mr. Young. Your conversion factor of time into money of 00.93 is a constant converter?

Young (m): That is right.

Meredith (m): In the case given on Exhibit 3, that conversion factor brought you out with a rate of 9.7 cents?

Young (m): That is right.

Meredith (m): Which is the same rate that was in existence prior to September 1?

Young (m): That is correct.

Lebrun (u): I wonder if I might ask a question?

Meredith (m): Certainly.

Lebrun (u): The 9.42 minutes to produce a board is based on what efficiency?

Young (m): That is the efficiency of a good operator, a skilled operator.

Lebrun (u): Then why did you add the 10%?

Young (m): Well, I stated that the 10% is to cover the occasional difficulties that any operator has. The new standards also have a 20% factor for rest and cleaning. That 20% is made up of 15% rest, or what we call personal time and fatigue, and about 5% cleaning time. It is included within these standards.

Lebrun (u): But that is one thing that we disagree with. We don't see it in your computations.

Young (m): That 20% was added to the "clocked" times for setting the standards. There did not appear to be any particular need of having all of the detail that goes into the building of a standard repeated here.

Arbitrator: You [addressing winders] are all winders, aren't you?

Lebrun (u): Yes, they are.

Arbitrator: Have they heard this story before?

Lebrun (u): They have heard it, but they can't understand it.

Young (m): They are winders, and all good winders, too.

Lebrun (u): But they can't make the money.

Arbitrator: Are these the girls who were timed to build these rates?

Young (m): Oh, yes. Everyone was timed. They are the committee chosen to attend this hearing, I understand.

Now Exhibit No. 3 is merely our final formula for building the rates after the parts of the job have been timed. These sheets [handing document to arbitrator] contain our standard element description—that is, all the operations timed and allowances made in studying the job.

Arbitrator: I think Mr. Lebrun had better look at this. Perhaps the young ladies would like to look at it, too. [A copy of standard element description is handed to Mr. Lebrun.]

[Mr. Young thereupon explained the standards again, this time in even more detail.]

Lebrun (u) [at conclusion of discussion illustrating calculation of standards]: You see, what a worker needs is a slide rule. How can you expect them to do such figuring?

Young (m): We will show you how to figure it. Then of course, the time allowed per bobbin board is amplified by that 10% for interference found on Exhibit No. 3, so the allowance goes up still higher.

Lebrun (u): We have seen enough of that. Let me ask Mr. Young this question. Many of the new rates come to 9.7 cents, the same rate as on the old schedule. Now, were you given the 9.7 cents to work by, or did you get that yourself?

Young (m): I know nothing about any arrangement concerning the 9.7 figure.

Holt (m): That 9.7 cents happened to come right on the nose with the rates I had set years ago. It just happened to work out to that same figure by the time study. The first engineer from Shelton and Norris came to me in amazement that the old rate hit right on the nose with the rate he would have set by time studies. I had set those old rates, of course, without time studies—just by experience.

Lebrun (u): Then it is just a coincidence, the 9.7 figure?

Holt (m): Just a coincidence.

Lebrun (u): But the old rate was for a different type yarn. You are running a new type yarn now.

Holt (m): No, this rate is on a rayon type yarn which we have been running on and off for the last seven years.

Lebrun (u): But these new rates are different from the old rate?

Holt (m): No, not always. In this case it is exactly the same.

Lebrun (u): And on the others?

Holt (m): All the others are either the same or higher. There is not one case where the rate is down.

Arbitrator: What per cent of the entire work is represented by this 9.7 cent rate?

Holt (m): A good 50% of the winders are working on this one particular type of yarn, at the same rate that has been in for years, 9.7 cents.

Arbitrator: And the time studies just happened to come out to the same 9.7?

Holt (m): Right on the button.

Arbitrator: Now, has there been any change in the method of operation—any new task for these girls?

Holt (m): One less task. The actual machine cleaning has been eliminated, which should ease their job.

Arbitrator: Or any more bobbins to care for?

Holt (m): We have jobs with more. We have jobs with less. The winders formerly were winding a number of various types of yarn at the same time in what we called "mixed jobs." But in our new setup we are getting more on standard types of yarn; we are cutting down on styling. This should mean increased earnings for the girls. In fact, when we guaranteed the new rates we promised that we would confine jobs to one-type yarn as much as possible.

Meredith (m): You will note in Exhibit 3, Mr. Arbitrator, that the engineers allowed 5% or 24 minutes per working day for cleaning. That 24 minutes has now been eliminated from the winder's job. Every rate in effect on rayon yarn is equal to or greater than the rates that were in effect in September.

To our mind that was the end of it. If the rates are the same or better, and the amount of work involved is less, because of the cleaning factor, it would seem inevitable that a girl could earn at least as much money now as she could before. But current records do not meet these expectations.

We will go ahead if you want, or we will let the union go ahead.

Arbitrator [to Lebrun]: Don't you want to state your position now?

Lebrun (u): All right. Approximately seven weeks ago I called into conference the managers of the Montauk Mills relative to these new piecework rates. The managers said the job would pay more money than the winders were making at the time, $32.98 a week. We had no objection to giving that a trial. All the winders were present at this conference. They disagreed with management about the earnings they could make on the new rates. We said: "Why not give this a trial for four weeks, while guaranteeing them the rate they are getting now, $32.98?" After considerable arguing the company agreed to do that.

At the end of four weeks we were called back. At no time during the period had the girls made more than $32.98. Management said that the girls were laying down. However, we disagree because we know if they can make an extra $2 or $3 a week, they will. Prior to September the girls were making an average of $36, $37, and $38 a week. We can prove it from pay envelopes we have here.

We submitted this proposition to management: Pay the girls a guaranteed rate of what is being paid for winding in the industry. We think that by instituting this new rate schedule without guaranteeing them anything, there is a catch somewhere that is going to bring them below the $32.98 a week.

Arbitrator: I don't quite see how the new rates can bring their earnings down below the yield of the old rates, if 50% of the rates are the same as before, and if the other 50% are higher with no new assignment and indeed elimination of one old duty—cleaning. Is the matter of suspicion a factor in the situation?

Lebrun (u): No, no. Under the old system winders used to have mixed jobs, several different types of yarn at once, and they were able to make more than they do now on one type of yarn.

Arbitrator: One type of yarn should normally work out to higher earnings, shouldn't it?

Lebrun (u): Surely it should if the piecework rate is right. Why can't the girls make now as much as they used to make? As I said, they formerly averaged $36 a week.

Arbitrator: Perhaps we should let management speak on that.

Meredith (m): Mr. Lebrun has put his finger on something that may prove the crux of this thing. His statement that the girls averaged $36 a week simply is not true. Some girls did, but they were the highest earners, not the average. We have prepared studies of our payroll records in Exhibit No. 4 to show the answer to that question.

Young (m): This analysis covers earnings for some nine months before time study began and one month after the new rates were completed.

[There followed lengthy testimony from which the following points were made: (1) Before the new management took over, weekly pay was determined by four items: (*a*) piece-rate earnings representing the number of boards produced at specified rates for the yarn or "mixed jobs" handled; (*b*) time-rate earnings at 49.8 cents per hour, excluding general increases, to cover occasional work difficulties, or periods of rate revisions; (*c*) overtime premiums; and (*d*) general hourly increases since the war. (2) The range of weekly take-home during this period (shown on an Exhibit 5) ran from $28 to $37.99. Of the 43 winders, 27.2% earned from $28 to $31.99, 51.9% from $32 to $34.99, and 20.9% from $35 to $37.99. (3) Average boards produced per day came to slightly over 40; average weekly piece-rate earnings came to $33.50. (4) Actual weekly take-home, however, came to $32.96, reflecting time-rate earnings when work difficulties occurred, and working weeks of less than 46 hours.]

Meredith (m): Now, Mr. Young, you have prepared Exhibit No. 6 show-

ing production figures on rayon yarn prior to September 11, when the time studies began. Will you tell us what it shows?

[There followed an analysis of Exhibit 6, which presented the number of average boards produced before September, and after April 29, by seven operators. Management sought to confine its comparisons to solid-type yarns rather than the previous "mixed jobs" for it was the intention henceforth to give the girls one-type yarn jobs as much as possible. The comparisons showed girls averaging formerly from 36.2 to 46.0 boards per day as compared with 33.3 to 37.0 boards under the new schedule. Both Mr. Lebrun and the girls raised many questions regarding these data. A typical exchange follows:]

Meredith (m): Now, was she [one of the seven operators] working on the same kind of yarn they are working on now?

Young (m): The same type of yarn.

Miss Gilbert (u): No, it wasn't the same kind of yarn then.

Holt (m): It might have been a different manufacturer. It might have been du Pont, Viscose, or Celanese which makes no difference.

Lebrun (u): How did you arrive at these figures?

Young (m): They all come from company payroll records. For example, Evelyn Flaubert produced 39.70 boards previously, and under the new setup, only 37. [The rest of the winders showed similar lower daily production after September.]

Meredith (m): Management does not believe they have been putting forth their best efforts, and this exhibit shows that.

Arbitrator: What is the difference this new system seems to make to the girls—more work, less rate, or what? What about this new system is bothering them?

Lebrun (u): Less rate, that is right. The rate is not high enough.

Arbitrator: How do you explain the fact that half the rates are the same, and the others are more?

Lebrun (u): I can't understand it myself. I don't know. Let me ask Mr. Holt this. You remember the four weeks' trial period during which you guaranteed $32.98. Had the winders been paid on piecework, would they have made more?

Holt (m): Our records show, frankly, Mr. Lebrun, as I explained in all the meetings, that there has been no real effort made to get production since this dispute was first brought up. I can't see why they can't make as much now as they did before.

Lebrun (u): Let me ask Mr. Young this. You checked these girls. They are good winders, aren't they?

Young (m): You bet they are.

Lebrun (u): Do you think they are actually laying down?

Young (m): Well, I wouldn't say they are laying down, but it is a mystery to me. In checking every girl, I observed she was going at a bristling gait and making the expected earnings.

As a matter of fact, when the president of the union checked with me all day long, we got a still higher average earning than I got checking alone. If they simply go on that way during the regular working day, they can't help but make more money than they did before.

Lebrun (u): Why aren't they then? Why aren't they producing?

Young (m): That raised this entire argument. I have checked those rates all the way through, and they are positively correct and well set.

Lebrun (u): Well, I am firmly convinced that if an operator is able to make more money, as you claim she can, she is going out to do it.

Young (m): That is what we think too. Every time we check the girls, they are doing it. Yet when they are on their own as usual, the production isn't there.

Lebrun (u): The girls cannot produce enough boards to make over $32.98 per week.

Meredith (m): Let's get that straightened out. The question is not whether these new rates will produce $32.98 for every girl. There were plenty of girls prior to September who were not earning $32.98. That $32.98 is a pending rate, not a guaranty; an average, not a minimum.

Lebrun (u): Well, whether it is guaranteed or pending, they actually have been making that since this company came into the mill.

Meredith (m): You keep injecting the idea that these new rates are supposed to produce $32.98 for every girl. They just aren't.

Lebrun (u): They are supposed to produce more than the old rates produced, and the old rate was more than $32.98.

Meredith (m): They were *averaging* $33.50 on the old piece rates. And if they had worked on the new rates, they would average a darned sight more than $32.98 or $33.50. We can prove it with this next exhibit.

Lebrun (u): Well, you might prove it by all kinds of figures, but we say it actually can't be done, and we are requesting the arbitrator to come, study the job, and watch the girls.

Meredith (m): We would be very glad to have the arbitrator observe. I should like to mention this. It may have a bearing. This is the first time we have had time studies. Whether the introduction of people with stop watches may have had an effect is hard to say. We believe it must have some effect.

Arbitrator: It has been known to do that.

Meredith (m): Yes. Now we should like to offer this document headed "Production Check Made by Local Union President Dollette and Thomas Young" as Exhibit No. 7.

[In the course of the discussion on Exhibit 7, the following points were made: (1) Mr. Young, accompanied by President Dollette, had timed and observed the operators for eight hours on May 23. (2) Each girl had been clocked by the stop watch from the time she started until she had completed one or more cycles of the spindles assigned her. (3) The job as measured by the engineers, and on which rates were set, proceeded by standard job

routines. It excluded such practices as "backtracking," [1] and "evening up." [2] During the time studies, as before and after, winders were instructed to leave uncompleted work, identify that work with their tickets, and leave it for the next shift to complete. (4) During the joint observation, work proceeded by the job routines thus built into the rates. The girls during this observation produced on the average 43.5 boards per shift, or piece-rate earnings of 57.5 cents per hour. (5) When overtime premiums and rate increases were added, this rate should yield an average weekly take-home on the new rates of $36.80. (6) In comparison, average take-home before September was $33.50. (7) But in contrast, the girls were actually producing only 34.15 boards per day, yielding an average take-home of only $30.15 per week.]

With the analysis of Exhibit 7, direct testimony was completed. As the hearings continued, union witnesses revealed that they believed that management expected them to turn out each hour the number of boards computed as possible from the time studies. Management explained once more that it certainly did not "expect" maintenance of maximum pace throughout all hours—that was why allowance had been made in the rates themselves for personal time and fatigue. The winders, however, maintained steadfastly that they could not produce more boards on the new rates than they were actually now turning out. With these protests, the proceedings concluded as both parties declared they would welcome a check at the mill by the arbitrator.

II

After studying the record, the arbitrator secured the services of Mrs. Marjorie Madison, a member of the management-engineering department of a labor union, to undertake such an independent check. She visited the mill several times, spot-checked the time study and rates, observed the winding room at work, and had various interviews. In her report she remarked upon the "excellent spirit of interest and cooperation on the part of all persons concerned."

Soon after the hearings, Mr. Meredith presented the company's "Trial Brief"; the union, through its national office, submitted a commentary on this brief after Mrs. Madison's visit to the mill. In its turn the company then replied to the commentary. The company also had hired another time-study expert to check the rates built up by Shelton and Norris, Inc. A copy of his findings, which declared the rates "liberal by 14% to 15%" were submitted to the arbitrator.

Excerpts from Mrs. Madison's notes follow:

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[1] In taking finished work from her machine, the winder was expected to move past the spindles, from No. 1 to the last, and return with the finished bobbins. Since any spindle "not completed" when she passed it represented a machine fault or "interference" allowed for in the time study, she should not "backtrack" for the bobbin not ready for removal in its proper time.

[2] Girls who "evened up" arranged about one-half hour before quitting time to run only enough bobbins to complete a pin board, allowing others to remain empty; this meant the incoming shift started with machines entirely clear of work.

FROM CONVERSATIONS WITH MR. HOLT

The current union agreement expires in June, and the union has served notice of its desire for certain changes. Chief among them is a request that the union henceforth be given a voice in the determination of work-loads. Mr. Holt told me the company is resisting this proposal. He himself regards it as typically dangerous "union interference" in a sphere peculiarly management's alone. He felt that if the company granted this "outlandish" demand, it might as well "turn over the mill to the union and go home."

When I asked if he thought the time studies had contributed to the union's desire for this change, he replied that whatever the source, the demand certainly constituted a change in the union's forms of dealing. Hitherto it let management make its plans, as it should, and came in to handle grievances that might arise after the plans were in operation. There has been no serious trouble in dealings with the union.

Mr. Holt is an "old-timer" in the textile business and feels he has learned it from the bottom. As plant manager he always has set rates by drawing on "his own experience." When the new management decided to bring in time study men, Mr. Holt was "very interested" to see how the scientifically set rates would "stack up" against his rates. The time study man who built the rates came to him simply amazed—Mr. Holt reverted several times to this "amazed" reaction—he could hardly believe it when his calculations worked out exactly to 97 cents that had been the former basic rate.

Mr. Holt is convinced that the winders "are holding back" because they are resisting the new rates. Between the fastest and least efficient of the winders the company knows by past experience that a difference of from 25% to 30% in daily output should exist. Yet day after day they all are turning out around 40 boards. They do not want to go back to a system of pay by individual output. The lower earners know they won't reach the $32.98 they have been getting. But the higher earners have grown to like "receiving a definite amount each week without worrying about how hard they must work to obtain it."

FROM CONVERSATIONS WITH MR. YOUNG

Mr. Young expressed considerable disturbance over developments in the winding room. The challenge of the operators put him in the "unenviable position" of having to check and defend work done by a colleague. True, the checks proved the rates entirely sound, and also gave opportunity to make rate adjustments where the supply packages had become smaller. Room for such continuous adjustments was from the start an integral part of the schedule. But the workers did not understand this and were suspicious of every change as well as the whole schedule. What bothers Mr. Young particularly is that the company must proceed with time studies in the other departments under the handicap of this suspicion. For knowledge of the dispute in the winding room has spread throughout the plant, and all the workers are suspicious of time study.

He himself has learned a lot out of this experience. In the future, he was "going to see that before any time study work was begun, the workers affected would be called together for an explanation of what was to be done, and how." He was to be in charge of the installation at Montauk, and he certainly would start the study in each department by such a meeting. But he wondered whether workers ever could be made to understand the technicalities of job analysis and time study. When I told him that such worker participation had become standard practice in the union with which I was associated, he remarked that the whole history of the textile industry and its scale of operations was very different.

He couldn't feel that Emile Dollette's reaction was very promising. Emile had gone about with him for eight hours observing each girl and timing her with the stop watch he [Mr. Young] had given him. After he and Dollette had gone over the results, Emile told the girls that "the rates were all right and to go ahead and

give them a real try." Now Dollette seems more confused than ever. When I asked Mr. Young if he had made any effort to get Dollette's opinions upon the leveling of the time studies [1] done in his presence, Mr. Young replied, "No, for I felt sure Emile wouldn't understand it anyhow."

I asked Mr. Young what reasons led the company to place the winders on the weekly time rate during the change-over of production and the time study; it must have realized that the period would prove quite lengthy. Mr. Young replied, "What else could it do?"

From Conversations with Mr. Lebrun

I asked Mr. Lebrun if the union had agreed to having the winders put on a weekly rate of $32.98 since last September. "Agreed!" he echoed me, "Say, we weren't asked. The company didn't tell me anything at all; not a single thing!" He said the higher earners among the winders initially protested being placed on an "average" guaranty, but the company "simply had gone ahead and used it without my knowledge or consent." The union made no protest during the eight months of study. Mr. Lebrun told me the union's chief demand now is that the $32.98 "paid by the new management since it took over" should be continued as a guaranteed minimum in the winding room.

From Conversations in the Winding Room

I spent considerable time in the winding room, and I can fairly say I won the confidence of the girls. They spoke to me freely and sometimes tried to tell me more than I could understand. For language difficulty came between us, and I wondered how Mr. Young would carry through his plans of preliminary meetings in other departments to explain time study. These girls and their union leaders, all French Canadian, speak English haltingly. There were even a few occasions when I availed myself of an interpreter.

We discussed repeatedly just what had been their "former earnings." They reminded me of the pay envelopes given Mr. Lebrun for the proceedings, showing earnings of $35 to $38 per week. When I asked them how they reconciled their figures with the payroll records, one of them suggested that "the company must have altered its records for your benefit." But she laughed as she said this, and the other girls who echoed this explanation, also did so facetiously.

After considerable discussion I said it often was easy to draw conclusions about "average earnings" from the pay envelopes received by those working around you. With that I tried to clarify in simple terms the difference between an average and a maximum. They finally began to agree that perhaps the *average* had not been so high as they thought. Then three of the girls admitted, one after another, that, "at times," they had not made as much as $38 during a week. These confessions provoked quite a bit of mirth; the three came in for a bit of good-natured ribbing.

I heard a good deal from the girls also about the matter of "effort and attention." When I asked them about the pace the new setup of the job required of them, they seem puzzled. They worked now as they "usually" did; they always worked about the same.

From this the girls went on to express resentment against the company's charge of their "laying down on the job." They had been very interested when the new company took over and brought in engineers. They cooperated in every way the company asked. That is why they feel so badly when the management speaks about "ganging up and things like that." It just seems as if the company is taking ad-

[1] Leveling is the process utilized in time study to bring a "clocked" time for a specific worker down or up to the level which the average worker requires for performing the same operation. It is the one factor in time study involving human judgment to a considerable degree. It represents the judgment of the time-study analyst as to whether the worker studied is performing with better or less than average skill and effort.

vantage of their "being so ready and eager to cooperate" there at the very beginning.

I asked the girls, particularly the faster operators, whether they had talked over with their union leaders their objections to the institution of the time wage last September. Usually this question was met first by a characteristic shrug. Then they would explain that "most of the girls aren't as enthusiastic about unions as most of the men are." Indeed this dispute constitutes the first time they have had the union handle anything "really big" for them. After all, they have been working at the mill many years—17 years, 15 years, and some girls even more. Why, most of them have been there even longer than Mr. Holt, to say nothing of the union, and now this new management. Milltowne is a small town; when vacancies occur in the winding room they bring in friends and relatives. They know everybody much better than Mr. Lebrun does. After all, even his office is in another city.

As we talked I watched the girls closely at their work, and frequently we would discuss job operations. At one time one girl, while tying a knot in the yarn in a finished bobbin, told me that with the engineer usually in the room, and the foreman watching much more, they now always had to tie knots. She spoke as if this constituted added work under the new rates. I asked if they didn't always have to tie knots—even under the old management and old rates. Soon it became clear they realized they had always been required to tie knots. But obviously "sometimes they did, and sometimes they didn't." No careful check had been kept upon them previously—a matter that was changing under the new management. When I remarked that allowance for tying knots was included in the new rates, they replied "That's what they say!"

I was struck, too, by the many individual tricks the girls have developed in their work. For instance, Albertine Gilbert, the fastest operator, has developed a way of tying the knot and removing the finished bobbin from the machine almost in one motion. It is so good I would think it would have been demonstrated to all the winders. But each one seems to have her own way of knotting the yarn. Some are very time-consuming and wasteful.

Both management and the engineers have emphasized repeatedly that the girls should follow standardized job routines, for the new rates are set on the basis of these routines. For example, girls are to do no "backtracking" for work. But the winders argued they cannot do this because they need "that work." Nor did I see the girls reporting to the foreman when any one of them had a spindle that ran too slowly. Instead, she would let it run and would backtrack when she began to take bobbins off her machines. When I asked why they didn't go for the foreman and get time-credit for the slow machine, they would reply, in a tone of complaint, that they can't afford to spend their time running around the factory looking for the foreman. They have always done it this way, they told me.

In the same way I invariably saw the girls on each shift about one-half hour before quitting time begin to "even up to round out their boards." They would use only those bobbins they needed to complete their boards, while allowing others to remain empty. Not once did I see a girl making out a ticket to mark for credit a bobbin she would leave for the girl on the next shift to complete. Each incoming shift starts work on emptied machines. When I spoke to them about "evening up" they replied again "we always have done it this way."

All the girls were convinced that they had been put on really "new jobs," most with increased work loads. One would point out that formerly she handled "mixed jobs" which gave her fewer spindles than this one-yarn job she now had to run. Another complained she had to cover more floor space. Still another was disturbed because she had been assigned to a new work place; for 14 years she had always (until the recent change) had the same work place. When I explained that the time studies set the new rates by measuring all these factors, we soon found ourselves again in a half-puzzled, wholly suspicious discussion of the time studies. Every girl seemed to have some special "part of her job" or job contingency that she "simply knew" the engineer had not "allowed for."

From the Payrolls

In examining the payrolls since the arbitration, I found that while most of the girls were still producing from 39 to 40 boards and thus securing the $32.98 wage, within each of the past two weeks two girls had earned over $35. These girls had formerly been among the below-average earners under the old rates. The girls, when I spoke to them, were anxious that the rest of the winding room should not hear of their higher take-home.

From the Spot-checks

I found nothing wrong with the rates and standards yielded by the time study.

Discussion Questions

1. Enumerate the changes that took place in this company and community during the 10-month period, September through June, before this arbitration hearing was held.
2. What was the impact of these changes on the winder tenders as reflected in the testimony and the follow-up interviews?
3. Compare the methods used by Mrs. Madison and by the time-study experts who were employed by management.
4. Outline the procedure you would suggest to management with regard to the extension of time-study rates to other departments of the mill.

RAILWAY EXPRESS AGENCY

A COMPLAINT AGAINST JOB RATING

I

William Fairbanks, general manager of the Railway Express Agency at Central City, received the following letter from the headquarters of the Brotherhood of Railway Clerks (AFL):

May 6, 1943

Please be advised the following case has been docketed for consideration by the Express Board of Adjustment No. 1.

Claim of the district committee of the brotherhood:

(*a*) The wage and working agreements were violated in titling and rating the train service position on Norfolk and Western Railway trains 32 and 33, Petersburg-Lynchburg, Va., route.

(*b*) The position shall be titled "messenger" rated at $196.40 basic per month and all employees affected compensated at that rate retroactive to July 1st, 1942.

Yours very truly,
Kenneth Gibbs, Chairman.
(Express Board of Adj. No. 1)
(Vice Grand Chairman, Brotherhood Railway Clerks)

Notice was thus served that efforts to adjust this dispute by direct negotiation had failed. The brotherhood, with a membership roundly of 185,000, is signatory to agreements covering, for its class of employees, 96% of the total

mileage on Class 1 railroads in the United States. The procedures for dealing with the dispute outlined in Mr. Gibbs' letter were governed by three documents: (1) The constitution of the brotherhood; (2) The agreement between the Railway Express Agency and the brotherhood; and (3) the 1934 amendment to the Railway Labor Act of 1926. Although the procedures embodied in these documents crystallized experience cumulating through many decades, they impose elaborately developed, highly legalistic, and rigidly set formulae for handling disputes.

II

The grievance originated during the fall of 1941, when James Powell, a "helper," complained that he was performing the duties of "messenger." A messenger is in charge of mail, baggage, and storage cars moving on a train. The helper assists the messenger, and the test by which the two positions are distinguished is whether the helper actually works under the supervision of a messenger. Rates of pay ranged from $196.40 to $225.40 per month for messengers, and from $152.40 to $184.00 per month for helpers.

During the closing months of 1941, the officers of the brotherhood lodge at Junction City, Virginia, began to notice that James Powell was appearing regularly at meetings. They were impressed, because Powell had never been an especially active member although he paid dues regularly. His prior inactivity seemed to reflect his general personality. Powell was a reserved sort of chap; rather "withdrawn into himself" and more or less passive in his reactions to union affairs, as he was in most situations. Those who knew him closely reported that "the missus wore the pants in the Powell family."

Accordingly, William Jackson, Lodge President, and Allen Kirby, chairman of the protective committee for express employees, took notice of Powell's behavior. Not only did Powell come to each meeting; he also cornered Kirby and complained volubly that he was performing messenger's duties, but receiving helper's pay. Patiently Kirby each time explained to Powell that he was right in bringing his complaint. That was the first step in having a grievance adjusted. But before anything could be done, Powell had to take one further step. Otherwise Kirby's hands were tied. The union constitution was explicit on that matter. Time and again Kirby would open the constitution and read Powell the following stipulation: "Members having grievances must present same in writing, giving all known facts to the chairman of their local protective committee." But to all Kirby's urgings that he put his complaint on paper, Powell gave the same reply: "Why should I put my neck out?"

III

Early in 1942, President Jackson began to feel some uneasiness regarding the influence of this situation upon lodge affairs. Powell was pouring his tale into the ears of every member who would listen. The members in train service seemed to have formed themselves into "an advisory council" to Powell. Messengers and helpers would hover about as Powell buttonholed Kirby. Often

Jackson would come upon a group of them, walking together with Powell along Junction City's streets, engaged in earnest discussion. He heard stories of far more gatherings than usual at one another's homes. He became particularly startled when the story of Powell's complaint reached him from distant points, as, for instance, when the presidents of other local lodges along the line wrote to ask him "for the full facts in this Powell case" which seemed to be "stirring up" their members.

It was not difficult for Jackson to understand such far-flung reverberations. A long-service railroad employee himself, he knew the spirit of camaraderie that made brotherhoodmen approach each day's work with the zest typical of their craft. Often he himself, during a stopover at some station, had made his way to the freight room to give the men a hand with heavy stuff. He knew how usual this "lending-a-hand" had become. Indeed, most men valued the custom for the opportunity to exchange home-city and union news. He could easily visualize the many groups through which Powell's case thus passed from station to station, terminal to terminal, line to line. Certainly the letters from Ohio and West Viriginia lodges indicated how far the chain reporting had been spreading Powell's complaint.

Jackson's concern was heightened by his devotion to his union. He displayed almost a sense of dedication in union office. Although he was highly regarded by his management, he never accepted overtime assignments on days of lodge meetings. Meeting night constituted almost a rite for him. He never presided in his work clothes. Even if it meant delaying the meeting, President Jackson would invariably first go home, shave, bathe, and don his Sunday suit. He conducted meetings with a meticulous observance of formalities and parliamentary rules. The meetings always enjoyed a full attendance. The rituals became impressive ceremonials when he performed them; few of the members forgot the sense of solemn privilege and obligation he conveyed to them through the initiation rites. He transformed the passwords into bonds of a closed, secure unity. Jackson was understandably popular and influential with his members. The programs for each meeting were carefully planned. He would bring special articles for discussion after lodge business had been transacted. He proposed picnics and other social affairs; the lodge's annual picnic had become a high-water mark for members. Throughout the brotherhood, Junction City enjoyed the reputation of possessing one of the union's most successful local lodges.

As Powell's insistent "agitation" continued, Jackson even attempted himself to persuade Powell to "put it in writing." But in this regard, even he could make no impression upon Powell. Instead, Powell continued to plague both Kirby and Jackson—as well as everyone else—with the "injustice" being done him. President Jackson conferred repeatedly with Kirby in the quest of "some way out." Always he was stopped by the requirements of the constitution. They stood before him in "black and white," and President Jackson had never condoned any circumvention of the rules.

IV

On July 6, Powell's helper position on train 32–25 was abolished, and was rearranged to operate on train 32–33, between the same terminals. Powell bid successfully for the rearranged position; however, he remained a helper. The change did seem to impel him to a new move. On July 22, Powell made a request for transfer to the Terminal City Lodge, on the ground that Chairman Kirby now for more than nine months had failed to handle his complaint. Junction City Lodge transmitted to Terminal City Lodge a certificate of transfer, to which Kirby appended, upon President Jackson's suggestion, Powell's failure to file a written statement of his complaint. A ballot taken among members of Terminal City Lodge approved the application for transfer.

To attend the August lodge meeting, Powell traveled in his Ford some 80 miles to Terminal City. There he found about 60 members present of whom 25 were train-service employees. Asking permission to make a statement, Powell presented a lengthy and bitter exposition of his grievance and its handling by Junction City Lodge. Thomas Bryce, chairman of the protective committee of Terminal City Lodge, asked whether Powell had filed a written complaint, as required "under the rules."

Powell's response was immediate and angry. Was Terminal City Lodge going to give him the same kind of treatment? Was the union simply trying to evade dealing with his claim? He was only asking for justice and it looked bad when a member couldn't get his due on a straightforward matter like job rating. As he proceeded, he began to receive support from the train-service employees attending. One after the other arose to endorse his position. Finally one moved that the rules be suspended and that the local chairman be instructed to undertake an immediate investigation. This motion was adopted.

V

Chairman Bryce thereupon made inquiries among the messengers. As a result he concluded that Powell's complaint merited submission to joint adjudication. The constitution empowered the local committee to attempt adjustment of grievances "with the proper officials of the transportation company." [1] When Chairman Bryce's negotiations with his route agent failed, he submitted his findings on September 29, 1942, to the general chairman of his division board of adjustment, Clifford Gillespie, a full-time, salaried official.

Three days later, Mr. Gillespie made the trip from Petersburg to Lynch-

[1] The grievance procedures under the agreement establish the following hierarchy of appeal: The local protective committees elected in the local lodge, usually for each specific class of employees, correspond to the shop chairmen of the typical industrial plant. When a grievance has been accepted by such a committee, first conference upon it takes place between the local chairman and the route agent. If they cannot reach agreement, the dispute comes before the chairman of the division protective committee, if such exists, and the superintendent of the agency. Final conference regarding adjustment "in the field" occurs between the general chairman of the district board of adjustment and the general manager of the agency.

burg, Virginia, on train 32. He had already heard about the difficulty Junction City Lodge had been having with Powell. When he left the train he was convinced that Powell was indeed performing the duties of a messenger. He wrote Mr. Charles Sawyer, the superintendent of the Railway Express Agency at Terminal City, Virginia, detailing the results of his survey as basis for a claim that the helper's position Powell now held be rated as messenger, with retroactive payment for 180 days from the instant date (October 2). He advised Bryce of the action he was taking. Superintendent Sawyer undertook his own investigation, and on October 16 wrote Mr. Gillespie rejecting the union's claim.

Mr. Gillespie immediately wrote an appeal to Mr. William Fairbanks, general manager of the Railway Express Agency at Central City, excerpts from which follow:

> This case comes on appeal from the decision of Superintendent Sawyer. The facts are as follows:
>
> The line-up of working cars of train 32, Petersburg to Lynchburg, is:
>
> Mail and baggage car for U.S. Mail.
> Richmond–Cincinnati express car
> Richmond–Roanoke express car
> Norfolk–Chicago express car
> Norfolk to Columbus express car
>
> The messenger rides in and works both the Norfolk–Chicago and Norfolk–Columbus cars. The so-called helper on arrival at Petersburg enters the Richmond–Roanoke car which moves sealed from Richmond to Petersburg and is required to separate and distribute traffic from this and the Richmond–Cincinnati car. He is held entirely responsible for these two cars. He works Blackstone, Crewe, Burkeville, and Farmville, unloading and receiving traffic, and is performing all of the duties ordinarily required of messengers.
>
> Superintendent Sawyer, in declining the claim, advises that the helper is assigned for such assistance as he may give the messenger. He admits, however, that the helper is expected to distribute such business as assigned to those cars for the local stations en route and to receive such business therefrom. He says that if the messenger is not supervising the work, then prevailing instructions are being violated.
>
> There are no facts to indicate that the individual assigned to this position is in subserviency to the messenger. He is in actual charge of the Richmond–Cincinnati and Richmond–Roanoke cars. The messenger has as much work to do as can possibly be done in the Norfolk–Chicago and Norfolk–Columbus Express car. He cannot perform the work that is required of him and at the same time give direct supervision to the work performed by this so-called helper. Hence our claim that the helper be compensated at the messenger salary rate with reparations.

As the case moved through the joint adjustment channels, Mr. Gillespie was accumulating supporting evidence for submission both to the agency and, in the event it should prove necessary—as he believed it would—to the Express Board of Adjustment No. 1. He was particularly anxious to obtain written statements from the messengers operating in trains 32–33 on the Petersburg–Lynchburg, Virginia, route stating that "they don't supervise or assist the helper, that they don't have time to do so; and that the helper is on

his own because the messengers have more than they can properly do in the cars they are assigned to." He enlisted the aid of Local Chairman Bryce in this endeavor. Mr. Bryce obtained nine letters of this kind, between October 14 and November 16. When he sent Mr. Gillespie those he had received "from the majority of messengers running between Norfolk and Columbus," he said in his accompanying letter: "I had to do a bit of coaxing to get a majority to write statements. I may get some more and if I do, I will send them along later."

Copies of statements collected from messengers were sent to Mr. Fairbanks. They also constituted part of the union evidence supporting its claim when the case finally was submitted to the Express Board of Adjustment No. 1, as indicated in the opening of this record. For Mr. Fairbanks had supported the superintendent in his rejection of the claim; whereupon the union immediately took the next step required when adjustment "in the field" had failed.

VI

Under the 1934 amendment to the Railway Labor Act, a National Railway Adjustment Board was established to which appeals are mandatory. A bipartisan body of 36 members—half selected and paid by the national unions, half by the carriers—the Board functions through four subdivisions, each of which adjudicates disputes involving specified groups of employees. Board 1 deals with unsettled grievances involving train and yard service employees—among whom are employees of the Railway Express Agency. The vice president of the agency and the vice grand president of the brotherhood thus received the docket presenting the claim originating with James Powell in late 1941.

In preparing this step, Mr. Gillespie had submitted a full case record to the headquarters executive in the brotherhood, Kenneth Gibbs, who administered negotiations involving agency employees. Shortly thereafter he received a communication from Mr. Gibbs, excerpts from which follow:

> On November 1, 1942, I mailed the general chairman a copy of Statement of Claim and Statement of Facts of cases presented to the Board of Adjustment November 16 to 27, 1942, inclusive. On November 3, 1942, I wrote pointing out the importance of adhering to certain uniform practices in presenting cases to my office. I ask you to review carefully that letter and also the submissions of cases identified as Dockets 4197, 4198, and 4202. They are directly comparable to your case. We can ill afford to go forward with the principle at issue here in every different way. We should adhere to a uniform method of approach and we would not be doing so should we go forward with this case in its present state.
>
> Also you are aware of management's resistance to allowing anything to be brought in which had not been discussed with management in the field, and these letters from the messengers written at the request of Senior Vice General Chairman Bryce should have been discussed with management. You should present them to your management and try to make them serve your purpose, thus eliminating a most troublesome situation which is certain to arise.
>
> After the above contribution has been made, I recommend you set up the case in conformity with the yardstick laid down and return to my office. I might

suggest it would be helpful if you could get them to agree as to the consist of the trains, to identify the cars, show where the line messenger works, from and to, where the train service employe in whose behalf claim is filed works, name of car or cars, from and to. In other words, follow the procedure. If you will do that, the case will be in proper shape for handling.

Mr. Gillespie's reply was dispatched the following week, in part as follows:

February 9, 1943.

It is surprising to have a man who was a general chairman as long as you were, and one who has occupied national position for a number of years, suggest that we have management agree we have a good case. I know, and so do you, that if we could get them to agree to what we contend are the facts, then there would be no necessity for appealing to the board of adjustment.

I have prepared the statement of facts and have written Fairbanks, pointing out that they have the effect of contradicting the management's contention that the so-called helper is in actual subserviency to the messenger. This will have no effect on him. In fact, he will not even read them and upon noticing the subject will immediately instruct that they be forwarded to Townsend [assistant to the agency executive to whom Mr. Fairbanks was responsible]. Townsend is and has been deciding the cases in this department; hence, the reason for the answers all being "No."

VII

By mid-April, 1943, the submission of the grievance over job ratings on the Petersburg–Lynchburg route was before the board. The board could not arrive at agreement. The members accordingly prepared to appoint a neutral referee, as is required under the law. Just as they agreed upon the referee, Decision 1319 was rendered, upholding the union's claim in a case almost exactly paralleling that originating in Junction City. This decision read as follows:

EXPRESS BOARD OF ADJUSTMENT NO. 1

Chicago, Ill., November 23, 1943

DECISION E–1319—DOCKET 4197

STATEMENT OF CLAIM: Claim of the district committee of the brotherhood that

(a) The wage and working agreements were violated in titling and rating the train service positions assigned to operate on Illinois Central Ry. trains 25 and 26 Mattoon–Cairo Junction Route.

(b) The positions shall be titled "messenger," rated at $211.40 per month, and all employees affected compensated at that rate retroactive to and including April 8, 1942.

PETITIONER'S STATEMENT OF FACTS: Effective April 8, 1942, two positions carrying the pay roll classification of "exclusive messenger helper" were bulletined to operate on train 25 and 26 between the terminals of Mattoon and Cairo Junction, Illinois, daily for the first thirteen consecutive trips each month on alternate days.

The consist of Train 25

1. Memphis Express Car
2. New Orleans Express Car
3. New Orleans Line Messenger Car
4. Memphis Local Car
5. Storage Mail Car
6. Railroad Post Office Car
7. Train Baggageman's Car

The consist of Train 26

1. Empty Baggage Cars—from 1 to 10
2. Railroad Post Office Car
3. St. Louis Express Car
4. Chicago Express Car
5. Chicago Line Messenger Car
6. Train Baggageman's Car

On train 25 south out of Mattoon the incumbent of this position is required to operate in the Memphis Local Car (see designation in consist) from which he handles traffic (transfers at Effingham, Odin, Centralia, Ashley, Tamaroa, DuQuoin and Carbondale) at 28 stations until arrival at Cairo Junction.

On train 26 north out of Cairo Junction the incumbent of this position is required to operate in the St. Louis and Chicago Express Cars (see designation in consist) both of which have through and local express traffic. These cars are full to overflowing, allowing little space in which to work them; consequently, empty baggage cars (see designation in consist) are connected up with the St. Louis and Chicago express cars—this occurs at either Ullin, or Dongola Station—in which the employee operates, handling express traffic and making transfers at Carbondale, DuQuoin, Tamaroa, Ashley, Centralia, Odin, Effingham and Mattoon, including also transfers at stations north of Mattoon, identified as Tuscola, Tolona, Champaign, Gilman, Kankakee and Chicago. He terminates his run at Mattoon.

At DuQuoin another train service employee gets on and assists with the work. If there is any spare time these employees assort in Chicago Express Car for transfer at Odin, Effingham and Mattoon, including making separations for Chicago depots.

In light of the duties attaching to these positions employees filed claim April 28, 1942, requesting the positions be reclassified as "messenger" and rated accordingly with reparations to the date the positions were established.

The claim was declined and handled in regular order on appeal up to the highest designated official to whom appeals may be made without a settlement being reached.

RESPONDENT'S STATEMENT OF FACTS: On Illinois Central trains 25–26 there is an express messenger running between Chicago and Cairo Junction and an express helper running between Mattoon and Cairo Junction.

On train 25 the helper starts work at Mattoon in the Chicago–Memphis car which is immediately back of the Chicago–New Orleans car in which the messenger rides. The messenger and the helper maintain contact through the end doors of their cars; in fact, the messenger frequently goes back to the helper's car or the helper goes into the messenger's car. Throughout the trip the messenger is accessible to the helper for instructions and assistance.

Returning on train 26 the helper again works in a car next to the car in which the messenger is riding and the same contact is maintained.

The messenger handles all money and values on both trains.

The messenger's salary rate between Chicago and Cairo Junction, a distance of 360 miles, is $211.40 per month. The helper's salary rate between Mattoon and Cairo Junction, a distance of 181 miles, is $179.10 per month.

DECISION OF REFEREE: On Train 25 south out of Mattoon there are but two express cars worked—the line messenger car worked by messenger and Memphis local worked by employee classed as helper under general supervision of messenger—Train 26 North out of Cairo Jct., so-called helper duties are essentially and quite substantially those of messenger. Following a long line of decisions precedent hereto, where, as in instant case, employee works one leg of assignment as helper and another leg of assignment as messenger, messenger rates will apply

Claim sustained.

After decision 1319 had been rendered, Mr. Gillespie was approached by the assistant to Vice President Hartung of the Railway Express Agency, who suggested that the case be referred back for settlement in the field on the basis of decision 1319. Mr. Gillespie agreed, and recommended that Superintendent Sawyer be authorized to negotiate such disposition.

When Superintendent Sawyer prepared for this final conference, he had before him a memorandum from Mr. Fairbanks. He was notified that while the agency accepted the rerating of the former position of helper, an adjustment as regards the demand for retroactive pay was desired. This demand by the then current date, December, 1943, involved payment of back wage differentials for some 18 months.

Mr. Gillespie also entered the conference with an additional problem. It stemmed from the long-standing dissatisfaction of two helpers operating between terminals in West Virginia and Ohio, about whom Lodge President Jackson had been informed early in 1942. These men now were insisting that whatever settlement was made regarding Powell must be applied also to them. They were convinced that they, like Powell, merited assignment as messengers. Investigation by Mr. Gillespie disclosed, however, that these men were undoubtedly performing the duties of helper. But knowing these men and the whole situation, Mr. Gillespie decided it would be futile to attempt to "talk them out" of the conviction of "mistreatment" into which they had "hypnotized" themselves. They seemed able to talk of nothing else; and the pending settlement of Powell's claim had intensified the urgency of their demands. Mr. Gillespie recalled that, although they now "harped upon" their right to rerating as messengers, they had for a considerable time before the Powell case protested their rating in the helpers' wage-scale brackets. Although he could not support their current claims, Mr. Gillespie realized that unless he did something for them the brotherhood and the agency might find the routes again transforming into a transmission belt of dissatisfaction.[1]

Discussion Questions

1. How long did it take to settle this dispute? Determine the periods into which its development falls, indicating your judgment on the causes of the delays in each period.

2. If you were a Brotherhood executive, to what factors would you ascribe the inflation of this dispute? With what measures would you experiment in an effort to prevent such inflation in the future?

3. If you were participating in the negotiations between Sawyer and Gillespie seeking final settlement in the dispute, on what basis would you seek adjustment, both on Powell's case and on the demands of the two helpers in West Virginia and Ohio respectively, who were demanding the same upgrading as Powell had won?

[1] Following the decision of the Supreme Court in *Elgin, J. and E. Ry. Co. v. Burley et al.* [65 Sup. Ct. 1282, June 11, 1945 and 66 Sup. Ct. 721 (1946)] requiring proof of agency to entitle a union representative to represent an aggrieved individual, this brotherhood tightened its administrative requirement that grievances be reduced to writing.

THE FLETCHER COMPANY

A LONG-SERVICE EMPLOYEE IN A CHANGING JOB STRUCTURE

Andrei M. Basaryck, combination welder in the electrical department of the Fletcher Company, entered a grievance claiming he had suffered a reduction in pay despite the contractual provisions "freezing" the established wage structure for the currency of the union agreement. Arbitration proceedings ultimately were held at which the following were in attendance:

For the Company	*For the Union*
Martin T. Mallory and John C. Worth, Counsel from Legal Staff	Daniel Kronan, District Representative
Edward G. Bennett, Director of Labor Relations, Bridgton Plant	Howell Lynn, Staff Representative, Bridgton Local
Paul Ashford, Foreman, Welding Department	Joseph Sladek, Staff Representative, Bridgton Local
Henry Fairbanks, Superintendent, Rate Setting Department	Peter MacGregor, Shop Steward, Electrical Department

Mallory (m): This is a grievance of A. M. Basaryck, combination welder, concerning his pay rate. Our employees are paid on an incentive system. Piece rates are based on standards set by time study engineers. Certain tasks, however, cannot be piece-rated because varying conditions make it impossible to estimate accurately *in advance* the volume of work and the amount of time they will require of the employees. Such tasks include plant repairs that must be expedited, jobs in which wide variations of materials occur, and work in which exceptional conditions are encountered.

Employees assigned to such tasks are paid guaranteed minimum earnings for time spent in their performance. If, however, supervision deems the work of outstanding emergency character, or done under exacting conditions requiring unusual skill and ability, or completed in remarkably short time, it may recommend compensation *in excess of* the guaranteed minimum. In shop slang, the excesses above this minimum guarantee are called "bogies."

This set-up will become clear as we discuss Basaryck's grievance, a copy of which is presented in Exhibit 1. Exhibit 2 is the minutes of the step 4 meeting. The union did not sign those minutes.

Kronan (u): That will be explained.

Lynn (u): Mr. Umpire, we are bringing this grievance under that article of the agreement which provides that rates remain in effect during the life of the agreement. This employee has always been paid the highest welding bogey. Management gave him a lower bogey, but used his skill the same as in the past.

Kronan (u): I might add that management in order to compensate Basaryck for his extraordinary skill had promised to pay him the highest bogey in the plant. I do not recall when management decided to change that policy. But the change resulted in loss of earnings for Basaryck. When he

filed a grievance, management decided to make up his loss, with the proviso that from then on the man would be sent out of the department like any other welder. We found out, however, that he is still doing the same work; his status did not change as far as performance was concerned.

The adjustment made by the company covered losses sustained by Basaryck over a 17 months' period and amounted to a total of $44.58. However, we still feel that under the agreement the method of computing his pay should not change because his job did not change. He should still get the highest bogey. That, in brief, sums up our case.

Umpire: All right. Mr. Mallory.

EXHIBIT 1

THE FLETCHER COMPANY

REQUEST FOR ADJUSTMENT OF GRIEVANCE

Name of Employee	Name of Foreman
A. M. Basaryck	*Paul Ashford*
Department Symbol and Number	Date Grievance Presented to Foreman
GC–2182	*May 17, —*
Occupation	Name of Department Steward
Combination Welder	*Douglas Lee*

Employee's Statement for Grievance: *I am a combination welder, and for my added skill the company for some time paid me the highest bogey #31, but recently for no reason at all the company put me on lower rated bogey # 28 As a result, I have suffered a wage cut of 3.75 cents per hour. There has been no change in my duties. Adjustment of this grievance should be retroactive.*

A. M. Basaryck 5–17–
Signature of Employee Date

Disposition of Grievance by Foreman: *The method of computing this man's earnings has not been changed.*

Paul Ashford 5–22–
Signature of Foreman Date

Disposition of Grievance by Superintendent of Department: *Investigation shows no change in method of pay for the work performed by the welder. The present bogey #28 has been that to which he has charged his time since June of last year. Bogey # 31 provides for welding of a different class.*

G. D. Mueller 5–31–
Signature of Superintendent Date

Date of Appeal by Grievance Committee to Management's Representative: 6–7–

EXHIBIT 2

THE FLETCHER COMPANY

Excerpt from Minutes of Step 4 Meeting, September 28
(Signed for management, October 9. Not signed for union.)

GRIEVANCE NO. 885–1454

A. M. Basaryck, a combination welder, stated he was taken off the highest-rated bogey, no. 31, and placed on a lower-rated bogey, no. 28, with no subsequent change in his duties and that as a result he suffered a reduction in earnings of about 3.75 cents per hour. He requests that he be placed back on the highest paying bogey retroactively.

The union appreciates that a change in the number assigned the bogey which Basaryck is paid has no significance; that the issue is the request that Basaryck be paid the highest paying bogey, and that he has heretofore been paid the highest paying bogey but is not now, although he was promised by Superintendent Mueller that he would be paid the highest bogey, in recognition of his skill, if he stayed in the shop rather than going out on piece-rated jobs.

The company pointed out that Basaryck is not doing piece-rated work; that he has a minimum guarantee and is often given, on the recommendation of supervision, a bogey in excess of that guarantee because of the nature of the work he performs. The company contended that Basaryck continues to be paid the third highest bogey in the department. The company stated it had not investigated the union allegation that Basaryck was promised the highest bogey by supervision because it did not know who was alleged to have made the promise, but that it would investigate now because Mr. Mueller is alleged to have made the promise. Such investigation found that Mr. Mueller did not recall promising Basaryck the highest bogey.

Mr. Bennett told Mr. Lynn on the phone on October 9, that the company, in the interest of good collective bargaining, was willing to pay Basaryck retroactively the money difference between bogey 31 and bogey 28 with the understanding that in the future he would not necessarily be kept on his usual work in the shop and he would be instructed to charge his time against piecework or against the bogey applicable to the work he was assigned. This disposition of the grievance was satisfactory to the union.

Mallory (m): That this grievance was appealed to arbitration is a complete surprise. The step 4 minutes set forth the terms of settlement reached by the company and the union. The union has cited the amount of the payments already made to this employee—$44.58 for 17 months. We were informed that that settlement was satisfactory.

In the step no. 4 meeting, the primary argument of the union was that this employee was required to remain in the shop and was unable to work on piece-rate or bogies outside the shop on which he could have earned more. When the settlement was made, Basaryck was told that hereafter he could be assigned to higher-rated work—piece rates or higher bogies, both outside and in the shop—in order to increase the level of his earnings. But the employee prefers not to perform any piece-rate work or any outside work. He prefers the type of work that he has done the past few years and he is being paid in accordance with that type of work.

Kronan (u): Management assumed that the union was satisfied with the company's adjustment, but we did not notify the company officially or otherwise that the grievance was settled.

Now we have here the Shop Steward, Pete MacGregor, who knows Basaryck and his job. Where do you work, Pete?

MacGregor (u): In the electrical repair shop—for nineteen years. I knew Andy Basaryck many years, ever since I have been in the shop. He has been there many years before me, about 30 years. Is that right?

Ashford (m): About 28 years.

MacGregor (u): Andy is considered a special man. He has been kept in the shop because whenever any job that no other welder can handle comes in, Andy is called upon regardless of what part of the plant it is in. Andy is a combination welder—an electrical welder, an acetylene welder, and I don't know what he doesn't do. He possesses outstanding skill and for that reason, to my understanding, Andy has been promised the highest bogey. He has been kept in the shop not as a worker but practically as a leader, even giving out different kinds of wires to the other welders. He tests plates of any welders that are learning to be welders. Andy is the one who gives them the test to go to the shipyards. Andy was always a very valuable man and, to my understanding, he was promised the highest bogey for his services to the company. And then, every week his wages became a little less and he made his complaint time after time to his foreman, to the superintendent, and then back to the foreman, and nobody did anything about it. Finally, he came to the union, and the union took the grievance up.

Andy himself was the first welder foreman in the plant. But he doesn't speak English very well, so they put another man in charge. I dare say (and Mr. Bennett and the company officials know this) that when any tough job came up, the foreman had to go to Andy. Now after all these years, he is told he can go out and work piecework with the rest of the straight electrical welders. That is an insult. They tell him, "You go out and climb on the shifter house jobs." The man is getting old now; he can't climb like the young fellows, but he can still use his special skill for special jobs.

I feel keenly that Andy deserves consideration for his skill. The company has been using that skill and the man was kept in the department under a definite promise made to him. We have a low base rate in welding, only 54 cents. That is why they promised Andy, "We are going to keep you on the highest bogey." Why now, all of a sudden, does the company make a change in the method of computing his pay?

Mallory (m): First, I would like to call on Mr. Bennett to testify with respect to the agreement reached at the step 4 meeting.

Bennett (m): At step 4, one of the company's main contentions was that this man should be treated as other welders. If he feels that he has been required to stay in the shop and other opportunities have been withheld from him, the company would see he got the same opportunities as other welders. But we claimed he wasn't due payment other than the bogey given for the type of work he had been doing. The union took the position, "Up to now

he has been working under an agreement that he would be paid the highest bogey." I stated that if anybody has made promises, we would pay exactly what was promised.

I couldn't find anybody who had made promises to Andy. I reported that, but the feeling still seemed to prevail, particularly in Andy's mind, that he had been given some promise. Andy seemed so sincerely convinced that I finally decided there was certainly some honest mistaken belief in a promise. Andy seemed to feel that we had broken faith; so I said that the company would grant there was some misunderstanding. We would accordingly pay him the difference between what he had earned and what he would have earned under the highest bogey from the time that welders working in the shifter house were given higher bogies than any other welders. That was about 17 months to date, and came to a total of $44.58. But from now on there must be no further misunderstanding. He must understand he earns whatever piece rate or bogey is paid for the work he is assigned. If he is so competent, he will make the maximum earnings.

I contacted Mr. Lynn, and certainly I had every reason to believe that this proposed settlement was satisfactory. We notified Andy that we would pay what he felt had been promised, but from now on he wasn't working under any promise. My understanding with Mr. Lynn was so definite that I ordered Andy paid. I was very much surprised when the union finally objected to the minutes. I talked to Mr. Lynn again. He said, "Well, Basaryck still isn't satisfied." But unless the whole grievance was being settled, there was no point in the company's making payment.

Mallory (m): Now, Mr. Ashford, will you tell us something about the job duties of this employee?

Ashford (m): I don't think in a department of our size, we are limited to any one man for particular jobs. Basaryck's ability in welding years ago, when there weren't many with experience, made him a valuable man. But now I don't know of any specific job on which we have to call on Andy for information or ability. We have numerous other men who can do the same as Andy. Also Andy recently spoiled several jobs; we gave those jobs to other men. He took care of glass, but that job too has been taken away. We buy glass now instead of Andy cutting it. He fixes welding clamps, which is not skilled. He bundles wire, which also isn't skilled. That job has been cut to the minimum now and almost eliminated by sending our wire to different departments.

Andy has been asked on numerous occasions, when he felt treated unjustly, to just walk over a few feet and take a piece-rate job to make more money. He said he didn't want that. I gathered from Andy that he didn't know why they brought this grievance up again. He was content. He didn't want to go outside; he wanted to remain in the shop. I would like to say that Andy's welding work doesn't amount to very much at all. He is more or less of a handy man now.

Mallory (m): How much time would you say Andy spends welding?

Ashford (m): If Andy does one hour a day actual welding, he is doing a

lot. He now does general utility work, he takes care of minor jobs. We have gotten out of the stage where we have to rely on Andy or any one man. Our outfit now is capable of handling even the most skilled jobs.

Mallory (m): I want to submit extracts of a letter dated October 18 from Mr. Kronan, which deals with the union's refusal to sign the minutes:

> The union refuses to sign the minutes of the 4th step meeting held on September 28. The union is contending against management for discriminating against A. M. Basaryck.
>
> In a telephone conversation on October 9, Mr. Lynn was informed by Mr. Bennett that this grievance would be taken care of properly. But since this conversation, the union finds that Mr. Mueller and Mr. Ashford have taken a bad attitude toward the employee. The union accordingly contends that this grievance is not properly settled.

Kronan (u): Did you say, Mr. Ashford, that Andy was valuable in the past, but now you have skilled people that can perform the job that Andy previously performed?

Ashford (m): He is an old hand. Andy was a one-man welding department years back.

Kronan (u): Didn't Andy break in many of the welders, including foremen, like yourself?

Ashford (m): Not foremen. He did help new welders get ready for the tests I gave them, but they performed their own work. I would inspect it and see whether the results were satisfactory. Andy does not qualify to pass such men. That is my job.

Kronan (u): How long have you been a foreman?

Ashford (m): Six years.

Kronan (u): During that time Andy was paid the highest welding bogey in the plant?

Ashford (m): I knew he was near the top.

Kronan (u): Andy was in the shop before you became a foreman?

Ashford (m): Oh, yes.

Kronan (u): Sladek, do you know anything about this case?

Sladek (u): Yes. Mr. Ashford stated that Andy fixes welding clamps and bundles wires. He didn't tell you that armatures have to be built up on the shafts, welded both electrically and with acetylene. Mr. Ashford likewise states that today he has any number of men with the same ability as Andy. Maybe so, but they certainly are never around to do the tough work. He claims that Andy spoils jobs. Is there any man who doesn't spoil a job occasionally?

It was stated that Andy does very little welding at times. In the electrical department where Andy works and Mr. Ashford is supervisor, they do all the repair work for the plant. Any shaft that wears down is sent there. That work is set up on a platform above the shop and the only one I ever saw up there working was Andy. That has always been Andy's job.

Kronan (u): With reference to the letter presented by Mr. Mallory, it was sent because Andy was threatened. The superintendent and Andy's foreman,

Mr. Ashford, both told Andy, "You will be sorry for what you have done, filing the grievance."

Mallory (m): Mr. Ashford, was this fellow threatened?

Ashford (m): I can't recall saying anything like that.

Mallory (m): Was Andy told that he should no longer feel restricted to work in the electrical shop? He could work outside and could be assigned to piece-rate work in order to increase his earnings?

Ashford (m): Yes, emphatically.

Mallory (m): Mr. Ashford, Mr. Sladek has been describing work that Andy does at various times.

Ashford (m): He referred to the small armature shafts that we do up on the welding balcony. I don't know where it would require any special skill that Andy has. As a matter of fact, there are numerous men who do that, maybe not numerous, but we have two or three.

Bennett (m): Emphasis has been put on the fact that Andy is still in the shop doing the work he has done in the past. My understanding is that he is there by choice. We haven't required him to go outside when he had a preference to stay in the shop. Certainly he should have understood that he would get the same rate for the jobs he was doing as everybody else gets for the same kind of work. There is no reason for perpetuating a preferential rate for this man, especially when all the past reasons for doing that have been eliminated.

Mallory (m): Mr. Fairbanks is our expert on rate structure.

Fairbanks (m): You have heard a lot about this man's change of pay, supposedly. About two years ago the company and the union held a general discussion on welding "bogies." A proposal was made that the company set a list of minimums for each bogey on work done by men who did not move around the shop from job to job—where the man always did about the same kind of work. The rates were posted on the bulletin board and the union accepted those minimums. This employee, known as "Big" Andy, received the highest minimum in effect at the time this list was posted and agreed upon.

Over the years, however, certain bogies have increased in value. For instance, the shifter house, where they do the locomotive repair, came to be a particularly vital spot; blast furnace repairs became the second highest welding bogey. As the importance of some welders' positions increased, they were also increased in money—in bogies. "Big" Andy stayed the same, but groups (there are more than just individual men) went ahead of "Big" Andy. That didn't mean that "Big" Andy went down. Certainly "Big" Andy is not supposed to go up as other people, for other reasons, go up. But he has taken the attitude that, regardless of what happens elsewhere in the welding department, (if others enhance their skill, or their responsibility goes up), he must go up and keep ahead of all of them. I don't think that was the intention of anybody.

Kronan (u): The only answer to Mr. Fairbanks' statement is this: The meeting at which we set minimums has no bearing on this case. The fact remains that Andy was promised the highest welding bogey regardless of where

that bogey assignment was worked. That is the understanding and that is the grievance. He was paid the highest bogey not occasionally, but day in and day out for a period of years. That has nothing to do with the minimums all over the shop. We are talking about one individual and his pay.

Umpire: At the time when he was paid the highest bogey, did he work only in the electrical shop or take assignment outside, in the shifter house, for instance, or the blast furnace yards?

MacGregor (u): Nothing has changed. Andy is still doing the same job. The idea of condemning Andy's ability after he has been a one-man welding department is an insult. If he was a teacher and a leader, how can he suddenly be only a handy man? Why, even the previous foreman, Mr. Dickinson, who just died recently, had Andy as his right-hand man.

Mr. Ashford is not telling the truth when he says numerous guys can do that job. Why, no matter where Andy is, they say, "Andy, you have to come in Sunday; we have to do that job in a certain department." Why don't they get the other guys? Because they can't depend on them; they can depend on Andy. I take exception to trying to run a man's skill down after all these years. I take exception to trying to make him just another one of the boys.

Mallory (m): Mr. Fairbanks, was the understanding that Andy should have the highest minimum guarantee, or the highest bogey?

Fairbanks (m): The highest minimum guarantee in the electrical shop was then the highest existing welding bogey. It was after we set those minimums that the welding bogies in the shifter house and the blast furnace repair yards topped the electrical department. There were no personalities involved. I don't see how there could be any impression that "Big" Andy's then top bogey would retain the same relation to the others if other jobs went up.

Sladek (u): We never agreed that any man's contract would be brought down to stay at the minimum set. The company agreed that they wouldn't go below the minimum, yes. But there are ways to get above the minimum.

Fairbanks (m): Andy's bogey hasn't gone down. There has been no change in his method of pay. When we posted the agreed list two years ago, the electrical shop bogey topped all other welding bogies in the plant. Since then the shifter house and the blast furnace bogies went above the electrical shop. If Andy had worked on the shifter house bogey he would have averaged 1 and one-third cents more per hour—the difference between that bogey, now the highest, and his electrical shop bogey, the highest welding bogey two years ago. Now the shifter house and blast furnace welders deserve every cent they get.

Mallory (m): Under no recognized incentive system or job evaluation would such a claim as Basaryck makes be permissible. Remember he is claiming the highest bogey paid anywhere regardless of the kind of welding job he does. And how would employee morale stand up under such an arrangement? How could we maintain a sound wage structure?

Sladek (u): Our case is in the record. I think you can judge from the way Pete MacGregor testified here how the welders feel about the deal "Big"

Andy is getting. Even Mr. Bennett admits there's a widespread and sincere conviction that there was such a promise, no matter what supervision says now.

Discussion Questions

1. Evaluate the problem this case presented to management, and in terms of your evaluation (*a*) appraise the action management took in the case up to and including the proposed settlement of October; (*b*) appraise similarly the positions by which they defended this action—at the arbitration hearing; and (*c*) indicate what changes, if any, you would recommend in their action, with your reasons for such changes.

2. Evaluate similarly the problem presented to the union administrators, and appraise their action (*a*) in reaching agreement on the October settlement; (*b*) in retreating from that settlement; (*c*) in defending their whole policy at the arbitration; and (*d*) indicate where you think they should have acted differently from the viewpoint of their relations with their members involved and with management under the contract.

3. On the basis of this case, what would you say are the components of a wage structure (*a*) in terms of the normal concerns of management; (*b*) in terms of typical union interests; and (*c*) in terms of the total responses of bench workers like "Big" Andy and Pete MacGregor?

4. On the basis of this record, how would you characterize relationships at the Fletcher Steel Company at such varying levels as (*a*) top plant officials and local union staff officials—*e.g.*, Bennett and Lynn, Fairbanks and Sladek; (*b*) company officials and district union officials—*e.g.*, Mallory and Kronan; (*c*) bench electricians, *e.g.*, "Big" Andy and Pete MacGregor, with their foreman, Paul Ashford?

CARBONDALE STEEL COMPANY

THE REVOCATION OF A DISCIPLINARY PENALTY

The agreement between the company and the United Steelworkers of America provided, in part, under the title "Management Functions" the following:

> The management of the plant and the direction of the working forces, including hiring, promoting, retiring, suspending, discharging, or disciplining of employees, the scheduling of work and the control and regulation of the use of all equipment and other property of the company, are exclusive management functions; provided, that in exercising such functions management shall not alter any provisions of this agreement and shall not discriminate against any employee because of membership in or lawful activity on behalf of the union.

The union challenged a penalty imposed upon Thomas Russell, roller, for his alleged responsibility in damage to equipment. Failure to reach agreement through the various steps of the grievance machinery resulted in appeal to arbitration. Excerpts from the hearing follow:

Present for the Company	*Present for the Union*
John Bailey, Counsel, Assistant to Vice President	George Medina, District Director
Lloyd McIntyre, Mr. Bailey's Assistant	Evans Scott, Staff Representative
Herbert Chamberlain, Plant Manager	Robert Johnson, Chairman, Grievance Committee
Charles Gardiner, Assistant Plant Manager	Thomas Russell, Employee

McIntyre (m): As a company exhibit, I offer a copy of an excerpt from the minutes of the Step 4 meeting held on November 3, just a little over a year ago.

Excerpt from Minutes of Step 4 Meeting
(Minutes signed for management by D. C. Daly and for the union by George Medina and Evans Scott.)

GRIEVANCE NO. 615–1821

In this grievance, Thomas Russell, a roller in the plate mills, requested that he be compensated for a day of penalty imposed upon him on September 5.

The union contended that there was no justification in disciplining Russell for the breakdown of his mill, which was caused by him, since similar breakdowns had occurred time after time without any discipline being imposed upon the roller; that the breakdown caused by Russell was not entirely his fault because he could not tell the difference between a 9-inch and an 8-inch slab and because he was supposed to be working on 8-inch slabs; that an error was made in the delivery of the slabs to his mill with the result that a 9-inch slab came down the roller line to the mill while Russell was expecting the 8-inch slabs; that the management did not know where to place the responsibility for the breakdown when it occurred, and that, since the incident, the superintendent has insisted that employees segregate the slabs before they put them on the rolling line; that Russell was told that he was being disciplined because it was necessary to discipline another roller who broke another mill on the following shift; that the union cannot see that it was necessary to discipline Russell simply because of the serious breakdown of a mill on the following shift; and because it is necessary for a roller to take a chance now and then to keep up his tonnage, the union considered the discipline imposed unfair.

The company contended that the issue raised was a question of proper discipline for negligence on the part of the roller; that a roller is paid a high rate of pay and is expected to be careful; that the management decided there was too much carelessness and it disciplined two rollers whose carelessness resulted in mill breakdowns; that the discipline imposed upon them was proportionate to the seriousness of the breakdowns and was equitable; that Russell would

have been able to see that the slab was oversized if he had been looking and that if he was merely taking a chance as suggested by the union, it follows that he was trying to "hog the mill," a form of carelessness which should be discouraged; that not only did the union indicate in Step No. 4 that Russell was trying to take a chance but in Step No. 3 that 99% of the time the roller can get away with such a chance; that the instructions from the superintendent to segregate the slabs were issued not as a result of the breakdowns but as a result of a letter sent [to company headquarters] by the union charging that the company was not segregating the slabs; that because of the breakdowns resulting from carelessness happening on successive shifts, the management deemed it advisable to impose a penalty to avoid recurrences; and that the discipline imposed upon Russell was lenient under the circumstances. The company suggested that if the union would consider the loss of production and the loss of earnings to employees from breakdowns caused by carelessness, it would also be inclined to believe that the discipline was warranted.

Arbitrator: Mr. Scott, will you proceed?

Scott (u): Mr. Umpire, this dispute arises under the article on "Management Functions." We hold management was not justified in penalizing this man a day's earnings for a mill breakdown due to no fault of his own. The reason the penalty was imposed upon this employee was because he had broken a part of a mill due to misjudging a slab. There have always been numerous breakdowns, some caused by minor conditions, and others by conditions beyond anyone's control. And up to this grievance, nobody has been penalized. Therefore, we are asking you to rule that this employee be paid for the loss of a day's earnings, since it represents an unjust penalty.

Medina (u): It even shows in the minutes submitted by management—that Russell was penalized because another employee was penalized. But the two cases are separate and distinct. They are not comparable. However, Mr. Russell, the roller involved, will explain how the accident occurred.

Russell (u): This heat [1] we started to work was charged in one mill. And it was supposed to be transferred to another mill to be rolled—first you put the slab into the furnace; then it is transferred for rolling. During the transfer from furnaces to rolling mill, there was a mixup on the furnaces, and two slabs were drawn out in the wrong order. One was a 9-inch; one was an 8-inch. Both were about the same length and also high manganese steel, with an inch or more of coated scale on them. Just ordinary steel would have gone through the mill. But being hard manganese, when the two slabs weren't drawn out in proper order, the bigger one bounced back and cracked the top of the spindle on the mill. I understand the spindle is not supposed to break; instead the coupling box is supposed to go.

Medina (u): Who is responsible for putting the steel in the furnace in proper order?

Russell (u): The heat is gotten up by the steel charger. In this particular

[1] The output of one furnace in a given time is often called a "heat." One heat is completely drained from the furnace before the next charge, or supply, of raw materials is put into the furnace to produce another heat.

case, it just happened to be near quitting time, and the new shift came in. One crane operator charged this heat in, but another crane operator drew it out and transferred it over to the other mill.

Medina (u): It got mixed up in the furnace without your knowledge?

Russell (u): Yes. There was nothing said to me that the heat might be mixed up. Usually when the heat gets mixed up, they tell you to watch that heat, that it is mixed up in the furnace. Then you look for it. But you can't tell by looking at a slab; you go by the heat sheet. You can't raise the mill an inch and a half, figuring that slab may not be the right slab and lose passes through the mill. If you do that with every slab that comes up there, you'd lose a lot of production. The rolling mill has to be set right to shape the slab to proper size on one pass through the mill.

Medina (u): Was the 9-inch one the first slab that came through?

Russell (u): That was the second slab. I was rolling 8's; this should have been another 8, but a 9 came through, it bounced back and the spindle broke.

Medina (u): What happened after that?

Russell (u): I went home. This really happened about two minutes to three. My relief man had come in and, of course, at three o'clock I left.

Medina (u): When were you notified that you would be penalized?

Russell (u): Two or three days later.

Medina (u): You were working and you were not told anything until then?

Russell (u): That is right. I was told when I was ready to leave work two or three days later that I would be penalized a day for that breakdown.

Medina (u): Do you know of any other breakdowns on the mills?

Russell (u): Yes.

Medina (u): What was the nature of the breakdown?

Russell (u): I think it was the reduction gears for the mill—they were torn to pieces. That was before my accident.

Medina (u): How long before?

Russell (u): Possibly two or three days earlier.

Medina (u): Has the employee been penalized for breaking the gears?

Russell (u): Well, they say he has.

Medina (u): How long have you been a roller?

Russell (u): More than 25 years.

Medina (u): Have you ever been penalized before?

Russell (u): No.

Medina (u): Your witness, gentlemen.

[Off-the-record discussion by company representatives.]

Bailey (m): Mr. Umpire, maybe we can help you out on this one. Our conversation has not been entirely private, I am sure. We don't see any point in arbitrating this thing. We shall be glad to pay Mr. Russell his day's pay on one condition, and that is that the right of the company to penalize an employee for carelessness is recognized. We don't want to concede that principle. But so far as the day's pay is concerned, we shall be very happy to get the matter out of the hands of the arbitrator on that basis, if that is satisfactory to the union.

Medina (u): Mr. Umpire, for the union, we have never questioned the right of management to penalize employees when the penalty is justified. That is a right of management and we don't aim to remove that right.

Chamberlain (m): I want to say that Russell is a hell of a swell guy and a good roller, and I know that ordinarily he would not be careless. I think in this instance if he had been unusually alert, he should have picked the mistake up. I can easily see how he missed it.

Gardiner (m): Two minutes before quitting time!

Chamberlain (m): I hope that statement helps his feelings because of having been penalized.

Medina (u) [to Russell]: Do you charge interest?

Russell (u) [smiling]: No.

Medina (u): We will let it go without interest.

Arbitrator: This is a happy resolution of this grievance.

Discussion Questions

1. Probe the impact of management's action as reported in this case.
2. If you were responsible for industrial relations at the Carbondale Company, what action, if any, would you have taken following the conclusion of the case?

CHELSEA STEEL COMPANY

A DEMOTION AFTER A MILL BREAKDOWN

On December 10, an arbitration hearing under the agreement between the Chelsea Steel Company and the United Steelworkers of America (CIO) opened at the Mill Harbor Works of the company. The grievance to be settled arose from the demotion of a roller in the rod- and wire-mill department on April 12.

The procedural steps for the settlement of grievances under the agreement are as follows: An employee who believes he has a valid complaint may discuss it with his foreman, with or without his steward present. If dissatisfied with the foreman's disposition of his complaint, he places his grievance, usually with his steward's aid, into the four steps of formal joint adjudication. In Step 1 the grievance is stated in writing on a form furnished by the company, on which the foreman within three work-week days notes his reply. By a series of appeals, each within stated time limits, the grievance then may be discussed in Step 2 between a union steward of the department and its superintendent; in Step 3 between the management's representative and the grievance committee for the plant where the grievance originated, and a representative of the union there; and in Step 4 between two representatives, one from the union and one from the company, certified by each organization to the other and meeting at national headquarters of the company.

Failing satisfactory disposition by these procedures, the grievance may be

appealed, again within stated time limits, to an impartial umpire appointed by mutual agreement. The jurisdiction of the umpire is defined as follows:

> An umpire to whom any grievance shall be submitted in accordance with the provisions of this section shall, in so far as shall be necessary to the determination of such grievance, have authority to interpret and apply the provisions of this agreement, but he shall not have authority to alter in any way any of such provisions.[1] His decision is final and binding upon the parties.

The following persons were in attendance at the hearing:

For the Company	*For the Union*
Peter L. Shaw, of Company Counsel	John C. Howell, Staff Representative
Albert H. Hendrick, Superintendent, Rod and Wire Mill	Francis Milton, Staff Representative
B. Eric Duffield, Assistant Superintendent, Rod and Wire Mill	Daniel Seabury, Chairman, Grievance Committee
Charles A. Reynolds, General Foreman, Rod and Wire Mill	Fred Romano, Zone Committeeman
	Jeremy Campbell, Complainant
	Leo Nicora, Rougher
	George W. Gilmore, Finisher
Impartial Umpire under the Agreement	Bruce MacElroy, Heater } Number 1
Walter A. Robinson	Nicholas Grozak, Charger } Rod Mill
	Paul Bremer, Heater and Shop Steward

Excerpts from the stenographic transcript of the proceedings follow:

Howell (u) [after some preliminary exchanges]: This grievance concerns a demotion on the No. 1 rod mill in the rod and wire mill department, which took place after a mishap on April 8. We feel that the man was unjustly demoted and should be placed back as a roller, together with compensation for his loss of earnings.

In the early part of March, the company installed in the rod mill a new three-strand mill with a flying shear. There was considerable trouble on all turns of this operation.

On April 8, Mr. Campbell was rolling during the 3–11 turn, and about 9:30 something happened to the shear, a mechanical defect, which the mechanics couldn't repair. Management claims that Mr. Campbell was demoted because he failed to report this trouble to the production superintendent. Later they made other charges, too.

We found no just cause for the demotion of Mr. Campbell, and certainly not three positions below his regular job of roller down to rougher. On the No. 1 rod mill the top position is that of roller; the second is that of finisher; the third is assistant finisher; and the fourth is rougher. Below that, to complete the schedule, we have, fifth, roll setter; sixth, spell hand; seventh, shearman; eighth, reelman; ninth, switchman; tenth, scrap puller.

Campbell has *rolled* for over 9 years in this particular mill, and a man with

[1] See Exhibit 1.

nine years of service surely has proved his ability. We feel only discrimination can explain management's action against a man with Campbell's experience. Supervision in the finishing mill or rolling mill can either make a man or break him if he doesn't hold all employees to the same requirements. Take the rod mill. If the roller on the turn [shift] ahead of a man doesn't take care of the mill and rolls the guts out of it, that leaves the other man in a bad position when he comes on. He has to build his mill up, or change rolls. This has been happening a number of times between General Foremen Reynolds and the Websters, working out a policy of discrimination against Campbell.

I asked management in the Step 4 meeting why they took Campbell off. They argued that instead of being a roller, he was a one-man crew; that, if a man had trouble, Campbell would jump in and do that work. That is the first time in the history of dealing with management that they have said they took a man off because he did too much work.

I would like the chairman of the grievance committee, who is chairman for the union of the job evaluation committee, to read what duties the roller has.

Seabury (u): As I read the description, I want it specifically noted that nothing says that the roller is responsible for the shears. [Mr. Seabury at this point read the joint job description of the roller's position, detailing his tools and equipment, source of supervision, and working procedures in regard to responsibilities for mill equipment, materials, and crews. The roller's relations *with the crews* were indicated as follows:]

> He directs the mill crew for operating procedure and the mill, furnace and billet yard crews for working procedure in absence of foreman; . . .
>
> Works with and directs the crew in necessary changes in setup of rolls, guides, and so forth, to produce desired material;
>
> Signals rougher to operate push-button controls to start and stop the mill;
>
> Works with and directs crew on roll and pass changes, performing such tasks as selecting and positioning rolls, etc., using miscellaneous hand tools, such as mauls, wrenches, and any other auxiliaries necessary.
>
> Works with and directs crew on removal of cobbles, using chains, cables, and so forth.

As far as the mechanical setup of that particular shear is concerned, we have the zone committeeman of that department here. He is in the rod and wire mill mechanical department, and I think it would be helpful if Mr. Romano would explain the mechanical difficulty from which this grievance arose.

Romano (u): At the time this disturbance occurred, I found that this mill was put in operation with only one shear. The company usually provides "extras" to be available in cases of breakdown. This time they bought only one shear, and a spare was being built by us in the plant. Anyone familiar with mechanics knows that no matter how good a piece of machinery may be, especially a new piece, there is always a chance for defects to show up. However, even at that time, April 8, there were still about 8 hours of work remaining to be done on that spare shear before it would be ready for operation.

When this shear broke down about 9:30, the roller naturally contacted the millwright—a millwright is always on the mill—and the millwright went to see what he could do. [Mr. Romano detailed the efforts by millwrights and maintenance foremen to repair the shears until Mr. Reynolds was summoned on the next turn, around 2 A.M. He concluded:] Mr. Reynolds called the master mechanic who went over the prints, and questioned the men who had worked on the repairs as to what adjustments they had tried, until he figured out what was left that he might look into. It turned out that a nut on the shaft in the cylinder had worked loose and, since it had been hidden and covered by the housing, the mechanics working on it never thought to take that apart to see what was inside.

Howell (u): Mr. Umpire, I would like to have Mr. Campbell tell you just what happened on April 8. [To Mr. Campbell.] Talk to the umpire and tell him what happened.

Campbell (u) [talking quickly, breathlessly, and as if out of his element at the arbitration hearing]: It is pretty hard to say. I don't know. The shears were working just like they explained to you. I worked there for a long time, for about 33 or 34 years. I worked first at Riverside Mills and then was transferred here. I did all I could on the mill. I was getting along all right with the men.

Did you [to the umpire] ever work in a mill?

Umpire [smiling]: I got as far as a third helper in the open hearth. Pretty unskilled help I was! [Laughter.]

Campbell (u): The only thing I can say is that I know how to work.

Umpire: Would you mind telling me what happened on the particular day when this breakdown occurred?

Campbell (u): The shears broke down, and I didn't know what to do. I called the boss the week before when I had had some trouble. I thought if Mr. Reynolds came and found we had got the shears working again, he would bawl me out. It is pretty hard for me to think back and tell you now, but I can tell you most anything about the mill.

Umpire: When the shears weren't working, to whom did you report that fact?

Campbell (u): I can't understand how they put the shears on me. The mill was rolling full blast, but the shears broke down. If they had had the old type of shears in the mill, I would be able to go to town, just like that [snapping his fingers]. I know the old shears as a book. When the new shears were set up, there was only one crew working on it. My opinion was that, if the whole crew was out there and you had a master mechanic explain those shears to all the men so they can get little ideas, we might make some headway.

Umpire: How long had you worked on the new mill?

Campbell (u): Ever since it started—about a month or so before. I can't tell you just when it started. [To Mr. Reynolds.] When did the mill go in, Charlie?

Hendrick (m): March 10.

Campbell (u): The new shears are complicated. They are nasty things. Every other day we have to put in a new shear blade. They cut off and shoot over the pipe. I like to make good rod and I don't like to have scrap. When you get your mill settled and you have your water pipes nicely set and they are opened up right and your checks are nice, so that the rolls don't eat it up, we don't like that to happen with the shear and mess everything up.

I don't know what else to tell you. The only thing is that I like to work in the rod mill. My whole heart is in that mill, ever since I came down here. That old two-bar mill was really good. This is a good mill, too, but those shears sometimes go down. I am not a mechanic. Do you think that ought to be in my line of work? Tell me the truth.

Umpire: I can't tell you now. I am like a judge hearing all the evidence, and then I will make up my mind after I do hear all the evidence.

Howell (u) [smiling]: We are dealing with an old mill man. This is the first time anything like this has happened to him. He doesn't quite understand the nature of these arbitration proceedings. I think we shall rest our case at this point.

Seabury (u): There is one more statement I would like to make. Mr. Campbell testified that, if he would have called the foreman and the foreman would have come in and found the mill operating, he would have been bawled out. On a Sunday evening prior to this particular instance, Campbell was reprimanded by Reynolds for calling him up on Reynolds' day off. Reynolds said he had one day off and he didn't want to be called on that day off. That was one of the reasons the man was reluctant to report to the foreman.

Umpire: All right, Mr. Shaw.

Shaw (m): The decision which is being challenged by this grievance has been a rather difficult decision for management to reach. Considerable deliberation and consideration of various factors preceded the final decision. The particular incident which impelled the management in part to make some sort of decision occurred on April 8. But no final decision was reached in Mr. Campbell's case until April 11, and Mr. Campbell was notified the following day of supervision's decision. That indicates that his case was weighed pretty carefully by the members of supervision, including Mr. Reynolds, the general foreman; Mr. Duffield, the assistant superintendent of the department; and Mr. Hendrick, the superintendent of the department, all of whom participated in the making of this decision.

I want briefly to review certain of the facts which were considered by the members of supervision in reaching this decision. Primarily, the roller is responsible for the continuous and the efficient operation of his mill. He is a leader, a crew leader, and he is responsible for the production of that mill and for seeing that the mill is kept in continuous operation.

In this particular mill, the No. 1 rod mill, the roller is the highest rated man on the mill at night. There is no mill foreman at night. Therefore, on the particular 3–11 turn, when this difficulty occurred, Mr. Campbell was on his own. The mill was his. I might add that the position of roller is the highest rated job in the bargaining unit and has to be filled with highly com-

petent men. They must be skilled in the art of rolling, in keeping their mills operating. They must be men who have good judgment and who are able to maintain crew harmony and to obtain the cooperation of their men.

Mr. Campbell is one of the oldest employees in No. 1 rod mill, and that is one of the reasons why the decision wasn't an easy one to reach. He became a member of the mill crew less than one year after No. 1 mill started operations. He moved up the ladder of promotion until he reached the top some 9 years ago, when he became a regular roller.

The company and the management are quite willing to admit that Mr. Campbell has always been a hard and willing worker, a loyal employee. But, unfortunately, in other respects he has been failing. One of his most serious failings is a lack of supervisory capacity. He lacks the capacity to direct his mill crew efficiently and to maintain harmonious relations.

I want to emphasize that the decision of management was not based solely on this event of April 8. It was based on that event, but also on Mr. Campbell's whole past performance in the capacity of roller in the mill. And I want to point out, too, that the action that was finally taken on April 12 was action which had long been deferred.

The failure to obtain crew harmony, crew cooperation, became evident as far back as 4 or 5 years ago. The members of his crew filed numerous complaints at that time and have continued to file complaints about Mr. Campbell's actions in his capacity as a leader of men. The earlier complaints finally crystallized into open rebellion. The situation became so serious that the management was required to call a meeting of the men.

At that meeting the members of Mr. Campbell's crew were afforded the opportunity to air their complaints. They accused Mr. Campbell of being intolerant, of issuing unreasonable orders to them, and of countermanding orders without reason. The thing that irritated them in particular was Mr. Campbell's habit of brushing men aside from their positions on the mill, intimating to them that they did not know how to do their work, and then performing the work himself.

It is a sizable crew. I think that Mr. Howell mentioned nine crew members beside the roller; and I wish only to add one more, the crane operator. The roller thus has a crew of 10 men directly under his supervision.

After hearing the complaints of the men, supervision was of the opinion that they might have to remove Mr. Campbell. However, they also admired his qualities of being a hard worker, of being a fellow who wanted to get things done, and they felt that with further experience and with some assistance by the higher ranking members of supervision, he would develop the executive ability to instruct men how to perform their tasks properly and to handle them in a manner that will assure crew cooperation. But, if it meant we were going to have a stoppage or something of that sort, we were prepared to remove Mr. Campbell.

Fortunately, at a second meeting, the men relented. They said they would be willing to cooperate with Mr. Campbell if he mended his ways with them. Supervision was perfectly satisfied then to allow Mr. Campbell to con-

tinue as a roller. They felt that with assistance and advice and with his natural drive and ability to work hard he would become a good roller.

For a time after that it looked as though Mr. Campbell would develop those qualities. There weren't too many complaints. There seemed to be a higher degree of team spirit. But later the same trouble developed, although not to the same intense degree. There was, however, the constant irritation of men coming to supervision and asking to be assigned to other crews and complaining about unreasonable assignments, about the fact that Mr. Campbell had been abusive to them. Some of them threatened to quit because of Mr. Campbell's tactics.

Mr. Campbell was given considerable assistance and advice by his general foreman, Mr. Reynolds; and he was given warnings later, when he failed to show improvement, that he would have to be replaced as a roller if he didn't mend his ways with his crew.

Aside from not being able to handle men, supervision believes that Mr. Campbell has not shown the proper regard for the safety of the members of his crew. For example: the mill is equipped with signal lights which are to be used when no more bars are to be fed into the mill, when repairs are to be made on the mill. Members of supervision had seen that Mr. Campbell failed to make use of the signal-light system. He was content to depend on oral instructions. On the other hand, if the signals were on (they consist of red lights) when the repairs were completed, he failed to have them removed, but would instruct the feeding end of the mill to shove the bars through. That is definitely an unsafe practice. Mr. Campbell has been warned about that practice, reprimanded for it, but he continues to make the same mistake.

Supervision also believes that in his haste to secure greater production, he causes his crew to take risks which should not be required of them and which are in violation of the company's safety rules. An example of that is ordering a man to go behind the mill to make a change in the mill while the mill is operating—change a bearing, for example. In one particular incident, the man who was ordered to do that objected and refused to do it. He saw the members of supervision about it, and the members of supervision warned Mr. Campbell against engaging in such a practice and reprimanded him quite severely.

Another practice is that if cobbles [1] had to be removed and burned out, he would himself (or permit members of his crew to) burn out these cobbles with burn torches without the use of goggles, which is definitely an unsafe practice in violation of the company's safety rules.

All of this lay in back of the incident of April 8. On that particular night, Mr. Campbell was having trouble with a new shear which had been in-

[1] A "cobble" occurs when the hot steel piece in the rolls twists, turns down, buckles, or becomes snarled by some mill accident that thus prevents it from coming through the rolls. The steel then begins to pile up literally in all directions, and the mill has to be stopped as quickly as possible. A crane may then pull out the cobbled steel, or, where too serious for that, it has to be burned out. A cobble creates a grave and hazardous mill condition.

stalled on the mill in March. It appears that he had considerable difficulty during the course of that turn. We know from the mill-delay sheets that the mill was down from 8:15 until 8:45, when shear blades were changed on the shear, indicating that the shear was in some sort of difficulty. Operations were resumed on the mill but ceased again at 9:15, and the mill remained completely down until 5:40 the next morning.

The company's case is not that Mr. Campbell ruined the shears or was negligent with respect to their operation. The company's case is that, since this was a new piece of equipment (and the union stresses that point), and since Mr. Campbell admits that he had no knowledge with respect to its workings, it was his responsibility as the top man in the mill, as the roller, to get in touch with his general foreman, Mr. Reynolds. That action should have been taken almost immediately; and Mr. Reynolds, in turn, would have gotten the master mechanic, as he did when he was finally notified.

We think that this was just another one of Mr. Campbell's failings as a roller. Because of all these considerations, the members of supervision reached the decision that Mr. Campbell must be demoted.

The management, in Step No. 3, stated its belief that the original penalty was too drastic. I might add here that the original move to remove Mr. Campbell from the roller's position three steps down to the rougher's position was taken by the members of supervision, because they wanted to make certain that Mr. Campbell would not serve as a roller in case of absenteeism. They didn't want him on as a roller, and they thought that the only safe thing to do was to move him down far enough to the rougher's position so that it was unlikely that the opportunity would present itself. But, after deliberating on this case for a period of three weeks, in the Step No. 3 meeting, supervision decided and offered to the union to move Mr. Campbell up to the finisher's position on the mill with the understanding that he would not—ever—serve as a roller. The union refused that offer in Step No. 3 of the grievance procedure; but in this arbitration proceeding, management is willing to renew that offer, to advance Mr. Campbell to the finisher's position on the mill.

Mr. Hendrick, suppose you recite briefly your responsibilities as superintendent of the rod and wire department.

Hendrick (m): The superintendent is responsible for getting the necessary materials into the plant, seeing that they are properly processed and shipped to our customers. Of course, one of our biggest responsibilities is the men working for us, and probably one of the hardest jobs we have is getting the proper men placed in the proper positions. There is one job that to me is a whole lot tougher than that, and that is in a case where we have made a mistake to take measures to correct any such situation. That is why I feel very much as was expressed in the opening of this case, that such a decision as faced us with Jerry [Campbell] is a tough job. But I do have the responsibility, not only of the product and the quality, but also the responsibility of the safety of the men, the harmony, the good working conditions—anything that goes towards better relationships within the rod and wire department.

A case was mentioned that happened there last November. I was going down to the mill then one morning and stopped by Charlie's [Reynolds'] desk. He said, "We had an incident last night." Then he went on to relate to me the case of the roller on No. 1 mill asking a man to go behind the mill between the spindles and change a bearing on No. 3 stand. That bearing weighs approximately 50 pounds. It would have to be raised up with the mill in motion.

I told Charlie at that time that we were going to have to do something with Jerry [Campbell], that we were going to have to do something before he killed a man. I regret now that something wasn't done at that time. But again, one of the things that you try to do is talk to these men about safety and preach safety and to be an example, which is what a leader has to be if we are going to get the best results in a mill.

Shaw (m): Let's go into the roller's responsibilities.

Hendrick (m): The roller's responsibilities are divided into three parts. We have the mechanics of the mill; we have the material of the mill; we have the human end of the mill. The roller has responsibility to see to it that his mill is in good operating condition, that the rolls and guides are properly set, that other auxiliary equipment is in such shape that it will serve his mill properly. He is responsible for seeing that the steel is heated properly, that the section that he rolls is of such quality as is acceptable, that scrap is held down to a minimum. He is responsible for the actions, the harmony in his crew, which, of course, reflect on the whole job that he is doing.

Shaw (m): Mr. Hendrick, in your own estimation, in what respects was Mr. Campbell failing in his capacity as a roller?

Hendrick (m): A good bit of this I would get secondhand, because I naturally work through the general foreman as far as dealing with the roller is concerned. However, we have had numerous complaints that Jerry couldn't handle his crew, that he cursed the men, the safety examples cited. In general, he had a continual turmoil amongst his crew members, which was not conducive to efficient operation.

[Mr. Shaw at this point questioned Mr. Hendrick about the episode of April 8, and about the responsibility of the roller in such breakdowns. He confirmed earlier testimony on these matters and expressed regret that supervision had let earlier doubts concerning Mr. Campbell "just keep dragging on" until that time.]

Howell (u): I have a couple of questions. Mr. Hendrick, you said something about the safety angle, as did Mr. Shaw. If you would see a man on day turn, when you were in the plant, run up to get a cobble out and put the mill back in operation, would you stop that man?

Hendrick (m): No.

Howell (u): Isn't that running against the safety rules here?

Hendrick (m): That may be a technical question, where a cobble is involved.

Howell (u): Management has brought up technical issues here.

Hendrick (m): Running to get one cobble out of the way may save another cobble and improve safety.

Howell (u): From our mill experience we know that in any situation whatever can be done the quickest way to get production out, that is what you do. Isn't that the way you want it? More production?

Hendrick (m): More production safely.

Shaw (m): I would like to call on Mr. Duffield to testify.

Duffield (m): Jerry [addressing Campbell], you and I have been friends for 20 years, and I have a job to do and it is a disagreeable job to do. I would rather not talk against you. I would rather boost you than talk against you. I am sorry I have to do it, but I have to do it in fairness to the mill. But I am still your friend.

Campbell (u): I don't see where you have anything on me.

Shaw (m): Mr. Duffield, how long have you been assistant superintendent of the rod and wire mill?

Duffield (m): Going on 11 years.

Shaw (m): Mr. Duffield, when were Mr. Campbell's deficiencies first brought to your attention?

Duffield (m): Well, several years past, continuously for the past several years.

Shaw (m): And will you tell us what the nature of those complaints were, Mr. Duffield?

Duffield (m): Well, as has been said, one of the duties of a roller is to direct and control his men. Jerry's failings are in that direction. To illustrate the condition, about 3 or 4 months ago, Jerry and I were on the mill talking together and they had a cobble in the roughing mill. [Mr. Duffield related concrete instances illustrating Mr. Campbell's inability to win cooperation from his men, even in emergencies.]

The men unfortunately got out of control, got out of hand to such a point that they followed orders if they chose to and ignored them if they chose to, regardless of Jerry being in charge of the mill.

To go a little further, Jerry is very enthusiastic about his work. He is very serious. He thinks an awful lot of the mill. When he gets into difficulties, he hasn't hesitated to talk to me about it. Difficulties on the mill worry Jerry. He has come to me on occasions—I know him very well and we have been very friendly—and made statements to the effect that Mr. Reynolds complained to him about the way he was doing his work; and the men had complained to Reynolds about him. I told Jerry that I thought one of his difficulties was that he tried to do too much work. I told him flat-footedly that it wasn't a one-man mill.

What he had to do was to get in there and instruct his men and, after he had instructed them, have enough confidence in them to let them alone to do their work and only step into the picture when it was necessary. Unfortunately, one of Jerry's failings is that he doesn't know when to step in and when to stay out. His men resent the fact that he won't let them handle their own jobs, and they just don't like the way he directs them.

Umpire: Mr. Duffield, it has been testified that, following the second meeting you had to discuss the dissatisfaction with Campbell's handling of the

men, he mended his ways for a while and then there was a recurrence. Did you consider again taking action?

Duffield (m): We thought about it several times.

Umpire: Did you have further meetings with the crew?

Duffield (m): No, I didn't have meetings with the crew.

Shaw (m): I would like to call on Mr. Reynolds, who is general foreman. Mr. Reynolds, what is your job as general foreman?

Reynolds (m): To oversee No. 1 and No. 2 rod mills, yards, furnaces and docks.

Shaw (m): And how long have you known Mr. Campbell?

Reynolds (m): I would say 35 years. I have been his supervisor since he came to the rod mill.

Shaw (m): Mr. Reynolds, will you tell us, in your own words, the kind of trouble that Mr. Campbell ran into as a roller?

Reynolds (m): Well, of course I will only be repeating what has already been said. Mr. Campbell would go along for a number of weeks, maybe months, getting along all right, and then something would happen and everything was all wrong. He doesn't seem to be able to get along with any of his men at all—very few of them. He wants to do all the work himself. He wants to push them out of the way, pull cobbles out and throw the tongs without looking, and swear at them. I saw him with my own eyes throw the tongs back and almost hit a man a couple of times. I told him about it. Of course, that was just "hurry-up." Safety was not what it should be.

[Mr. Reynolds here elaborated upon the incident of Campbell's ordering the bearing changed on No. 3 stand while the mill was in operation and upon the men's complaints against him.]

Shaw (m): Mr. Reynolds, you say you warned Mr. Campbell and reprimanded him on numerous occasions?

Reynolds (m): I have. I have had him in the office with other men and talked to him several times about his profane language, if you want to call it that. I have asked other men to overlook some of that. That was Jerry's way and he couldn't change that. I said, "Forget it. Names don't hurt you." They said that they could take so much and that was all.

Umpire: All this is rather news to me—that steel men are sensitive to profanity. When I was in a steel mill, there was a lot of profanity around. [Laughter.]

Reynolds (m): The biggest part use it, but not so much now as in the olden times.

Howell (u): They use it all the time. That is just mill talk.

Shaw (m): Mr. Reynolds, in what respect do you think that Mr. Campbell was failing on the night of April 8?

Reynolds (m): It certainly was his responsibility to give me a call and get hold of me. I was home.

Shaw (m): Mr. Reynolds, do you object to being called out at night?

Reynolds (m): I have always told my men to call me at any time. I have never said a word to any of the men about calling me at any time of the night.

I have been foreman for 30 years. That is one thing I never objected to. I don't say I like it, but I have not objected to their calling me. And I have had thousands of calls in that time.

Shaw (m): Did you reprimand Mr. Campbell the week prior for calling you out?

Reynolds (m): I never reprimanded any man for calling me.

Howell (u): Mr. Reynolds, you have two Websters as rollers, haven't you?

Reynolds (m): Yes, sir.

Howell (u): Do these rollers, the Websters, ever call you?

Reynolds (m): Yes.

Howell (u): They had run into difficulty when they called you?

Reynolds (m): Yes. I have had them come to my house at the finish of a turn.

Shaw (m): Mr. Howell, if I may interrupt here, I want to examine this repeated intimation of discrimination: that somebody gained by this displacement of Mr. Campbell. The reference has been made to the Websters.

Mr. Reynolds, did either of the Websters benefit by advancement through Mr. Campbell's displacement as a roller?

Reynolds (m): Not at all.

Romano (u): Could I ask Mr. Reynolds a question?

Umpire: Go ahead.

Romano (u): Mr. Reynolds, you say you knew Mr. Campbell for 35 years. You knew him about 26 years then when he was up for promotion to roller. You say he always--as finisher, rougher—jumped in to do the job of other workers. Don't you think after 26 years you should have known enough about his ability to handle men to determine whether he should have the job? The seniority rules have always recognized the test of ability to perform the work. The time for that decision was 9 years ago, wasn't it?

Reynolds (m): We like to give every man the benefit of every doubt.

Umpire: Did Mr. Campbell in the past have any considerable number of such mechanical breakdowns as that of April 8th when he failed to get in touch with the proper authorities, the general foreman? I want to get some more evidence on Mr. Campbell's behavior in such situations.

Reynolds (m): As a rule, he has always called me when he got into any great difficulties.

Shaw (m): Do you remember any prior incident where he got into difficulty which created considerable delay and where he might have reduced the delay time substantially by getting in touch with you?

Reynolds (m): I can't recall any right now.

Umpire: On this matter of difficulty with personnel and carelessness regarding safety, did any specific issues arise just about this time when Mr. Campbell was demoted? In other words, what I am trying to get at is this: Was it primarily his handling of the shears, or that plus other concrete incidents?

Hendrick (m): I would say that the demotion was not as a result of this

specific act when the shears failed. It was an accumulation of several things as regards his capacity as a leader of men.

Shaw (m): Let's add to that a little bit. When did the incident in which Mr. Campbell ordered the bearing changed while the mill was in operation take place?

Reynolds (m): The latter part of last year.

Shaw (m): How about this practice of having the men burn cobbles without using goggles?

Reynolds (m): That was periodic, once in a while.

Umpire: Are any members of the crew here?

Howell (u): There are five men as witnesses.

Umpire: Mr. Campbell's leadership and relations with his crew are primary causes motivating the company's action. It might be well to hear them.

Howell (u): I call first Leo Nicora, a rougher. How long have you worked on the rougher position in the rod mill?

Nicora (u): Since 1935.

Umpire: How long have you worked with Mr. Campbell?

Nicora (u): I would say approximately 3 years.

Howell (u): Did you have any kicks about Mr. Campbell jumping in and helping you out?

Nicora (u): Off and on, yes, sir.

Howell (u): Isn't it his job to help you out?

Nicora (u): It is his job to help me. When I am stuck I want him to help me. He is the only man who can do it.

Umpire: Did you complain about Mr. Campbell to supervision?

Nicora (u): A couple of times, yes. I was doing the job right one day and he wanted to make it better. I complained to the boss. At that time I was shearing and he claimed I didn't shear them close enough and I complained again.

Umpire: When was that?

Nicora (u): About 5 years ago, in that first meeting we had in the office.

Umpire: Have you complained since then?

Nicora (u): I have been away from Jerry Campbell's turn going on 4 or 5 years now.

Umpire: So you have no recent evidence based on a working relationship with him?

Nicora (u): No, sir.

Howell (u): Mr. Gilmore, what is your position?

Gilmore (u): Finisher.

Howell (u): Have you worked for Mr. Campbell?

Gilmore (u): I worked for him about 3 years.

Howell (u): How long is it since you worked with him?

Gilmore (u): Approximately 8 months. I left his turn just a little before they took him off as a roller.

Howell (u): Did you ever have any difficulties with Mr. Campbell?

Gilmore (u): I had a conflict with him when I first went to work on that turn. Mr. Reynolds got us together and we worked that out. We have occasional run-ins. That is about all.

Howell (u): How do you feel about Mr. Campbell's production record as a roller?

Gilmore (u): I think Campbell is a little overanxious. That is his only fault. He is more for the company's side than he is for the men. He is more anxious for production than he is for the men themselves.

Howell (u): Why do you feel that way?

Gilmore (u): Jerry wants to produce as much as the other man, and he wants to produce better quality rod than the other man; and when delays occur he is anxious to get started again. I think that is why the men misunderstand. You have to learn to know Jerry.

Shaw (m): You said you have had run-ins with Campbell? What caused the arguments?

Gilmore (u): Different troubles that we might have. Those things are between the two men to iron out and forget about. They happen in a mill.

Howell (u): Now Mr. MacElroy, state your name and position.

MacElroy (u): Bruce MacElroy, heater; I don't work on the mill. I am with the furnace crew.

Howell (u): Do you work on the same turn with Jerry Campbell?

MacElroy (u): Yes, until he was taken off the job. I think he was all right. I never came into direct contact with him as the other men in the mill did.

Shaw (m): What heater do you work with there?

MacElroy (u): Lawrence Judd.

Shaw (m): Did Lawrence Judd have trouble with Jerry Campbell?

MacElroy (u): Occasional squabbles about the heat. Jerry was particular about his heat.

Shaw (m): Would he come down and try to regulate the heat—change the instruments, gas valves, and so forth?

MacElroy (u): Sometimes he would.

Shaw (m): And did Lawrence Judd complain about that?

MacElroy (u): I don't know whether he went to the foreman about it. He complained to me about it.

[Mr. Shaw later questioned Mr. Reynolds, who testified that Judd had complained to him.]

Shaw (m): Did Judd have any run-ins with Jerry Campbell in your presence?

MacElroy (u): Yes.

Howell (u): Mr. Reynolds, don't you think it would have been good supervision to separate Judd and Campbell and try to work someone else in there who would have more harmony?

Reynolds (m): It has been done in some cases, but you can't continue to do that all the time. You would have everybody working one turn and nobody wanting to work Campbell's turn.

Howell (u): I will now call Mr. Paul Bremer, a heater. Mr. Bremer, how long have you worked on the No. 1 mill?

Bremer (u): Since 1937.

Howell (u): Did you ever work with Mr. Campbell?

Bremer (u): I did in the position of heater, off and on. I would say I worked with Mr. Campbell approximately 3 years.

Howell (u): You are a shop steward. Was it brought to your attention that Campbell was a "hoggy" roller for the company and always wanted to produce more steel than the other fellow?

Bremer (u): There is a certain competitive spirit on the mill. After a crew gets knit together they all want to produce a larger amount than the other crew.

Howell (u): Did you have any differences with Mr. Campbell?

Bremer (u): I hardly see how you can work in a mill without having differences in respect to the work with somebody.

Umpire: A little more than normal with Mr. Campbell?

Bremer (u): When I had differences with anybody, I tried to settle them right there and then. I never have gone to my foreman with respect to a man with whom I had to work. I will admit that we had our differences at times, and it is only a natural thing. Every man has his way of working. If one man tries to show you something that you figure you know, you will differ. That is only natural.

Shaw (m): You say you were a heater here? When was that?

Bremer (u): It was about six or seven years ago.

Shaw (m): Were you a shop steward at the time of those meetings when the men were complaining about Mr. Campbell?

Bremer (u): No, sir, but I was at the meetings. I made no complaints. I never went to supervision in regard to difficulties with a roller because a roller is my direct boss. If he is putting me in a spot, I settle it with him. We are out there to work 8 hours, and you have to hit some rough spots now and then. You try your best. That is the natural thing to do. After you are working as a crew, you are all working for tonnage. You have to make your meal ticket out of the tonnage you turn out . . .

Shaw (m): In conclusion, I want to emphasize once more that the position of roller is a highly responsible position. He is responsible for his mill and for the crew that works under him. And he is responsible for seeing that the crew cooperates with him. He is responsible for seeing that the mill operates with a minimum of delay time.

We think that Mr. Campbell has been failing in some of these respects. We think that he has had a long period of trial on the job of roller. We think we have established our claim that he has shown deficiencies as crew leader and in mill operation.

However, management is not satisfied actually to close its case on this note. Mr. Campbell was demoted from roller to rougher—a three-step demotion. At Step No. 3 of the grievance procedure, the union refused to accept the company's offer to advance Campbell to the finisher's position with the under-

standing that he would not again serve as a roller. This offer of settlement has been renewed by the company at this hearing.

Howell (u): And may I repeat for the union that we still reject that offer. It still seems to us that Mr. Campbell has been portrayed by management's evidence as "a one-man crew" so devoted to his job and to production that he does more work than he should. Since when have these things become deficiencies and failings? I think this is the first time in the history of labor relations that a man has been disciplined so severely for such performance on his job as the company has been charging against Mr. Campbell! The union maintains, Mr. Umpire, that an injustice has been done, which will be corrected only when and if Mr. Campbell is reinstated to his position as roller with retroactive adjustment for the losses in earnings he has suffered.

Exhibit 1

Chelsea Steel Company

Pertinent Contract Clauses

Article x—Seniority

Section 1. In the promotion of Employees to nonsupervisory positions and for the purpose of layoffs in connection with the decreasing of the working force and of the recalling to work of men so laid off, the following factors shall be considered; and, if factors (*b*) and (*c*) are relatively equal, length of continuous service shall govern:

(*a*) Length of continuous service in the applicable unit determined as provided in Section 2 of this Article;

(*b*) Ability to perform the work; and

(*c*) Physical fitness.

Article xiii—Management Functions

The management of the Plants and the direction of the working forces and the operations at the Plants, including the hiring, promoting and retiring of Employees, the suspending, discharging or otherwise disciplining of Employees, the laying off and calling to work of Employees in connection with any reduction or increase in the working forces, the scheduling of work and the control and regulation of the use of all equipment and other property of the company, are the exclusive functions of the management; provided, however, that in the exercise of such functions the management shall not alter any of the provisions of this agreement and shall not discriminate against any employee or applicant for employment because of his membership in or lawful activity on behalf of the union.

Article xiv—Safety and Health

The company will continue to make every reasonable effort to provide safe and healthful conditions of work for employees at the plants and to provide employees with any necessary protective equipment in accordance with the practices prevailing at the respective plants at the date of this agreement.

The union will cooperate with the company in encouraging employees to observe the safety regulations which shall be prescribed by the company and to work in a safe manner.

Discussion Questions

1. As a management representative having read the record of this case, what various areas of management responsibility merit your attention? Have you any specific recommendations for appropriate action which management should follow?

2. As a union representative having read the record of this case, what various areas of union responsibility merit your attention? Have you any specific recommendations for appropriate action which the union should follow?

3. Assume that Jerry Campbell is reinstated (*a*) as a roller (*b*) as a finisher. In each case what would you do, if anything, to make Jerry more effective in his work situation?

4. If you were the arbitrator, what would be your decision regarding the demotion of Jerry Campbell? Support your conclusion by using evidence from the case.

5. Under the terms of the agreement between the Chelsea Steel Company and the United Steelworkers of America, does the umpire have jurisdiction to rule on the case of Jerry Campbell if the company were to raise the question of arbitrability?

TRI-STATE GAS AND ELECTRIC COMPANY

THE DIFFICULT CASE OF JEFFREY PORTER

I

During the spring of 1942 the city of Borderton, La., was swept by a wave of bitter feeling against the Society of Jehovah's Witnesses. The Society had maintained a church for some years, but with the war, local sentiment against the Witnesses swiftly intensified. On the one hand, they stepped up their propaganda; on the other, the vast majority of citizens began to identify the proselytizing of the sect with antiwar activity. Local newspapers carried almost daily reports upon the beliefs and "sabotage" of this "unpatriotic organization"; in union meetings, in other gatherings of the local citizenry—both in homes and in more formal sessions—the Witnesses of military age were angrily denounced as "draft dodgers"; and the refusal of the group "properly to respect and salute the American flag" became a symbol of general "un-Americanism."

II

On April 22, 1942, Mr. G. W. Bellamy, lineman in the employ of the Tri-State Gas and Electric Company, and president and business manager of local union 293 of the International Brotherhood of Electrical Workers, was informed by the superintendent, Mr. Kane, that Mr. Howland, the president of the company, would like to see him. Mr. Howland came quickly to the point. After some general comments on the war, he said, "And that brings me,

G. W., to the matter of Jeffrey Porter, who has become something of a problem. We have received complaints from customers that Jeff is calling on them in their homes, and preaching this Jehovah Witness stuff. He carries a portable phonograph to play recorded speeches—something called, 'Is Hell Hot?' These people became particularly angry and asked him to leave their premises. Instead Jeff got into heated arguments, until they threatened to call the police. Fortunately Jeff left before any violence occurred although they came pretty close to blows.

"Now I'll grant what you probably are going to say. These visits are made outside Jeff's working hours. I know, too, that Jeff has been with us for over 30 years. He's 63 now, and is due for his pension in 1944. Believe me, I hate to contemplate steps that might deprive him of that pension. You'll agree we've always tried to play fair, and the company doesn't enjoy this kind of situation. In fact Jeff's been worrying us for some time; we don't know how to handle the problem. But you will agree, I'm sure, that we have a special kind of responsibility to customers. We can't just tell them that he's acting as a Jehovah's Witness outside working hours. They feel that he has gained entry to their homes in the first place as our employee, and they are telling us straight-from-the-shoulder that it's up to us to stop his unwelcome visits. You know how the whole city feels about this outfit.

"And now, G. W., matters have taken a serious turn. The sheriff called me yesterday. He has been receiving complaints about these Jehovah Witnesses. His department accordingly had been keeping them under surveillance, among them Jeffrey Porter. He himself is convinced they are subversive, and so he is calling in higher authorities to make an investigation. [Mr. Howland paused meaningfully here, and Bellamy interpreted the "higher authorities" to be the FBI.] Anyway, G. W., Sheriff Bailey ended on a pretty rough note. He warned me that if this investigation turned up anything, it would be a matter of public knowledge and might affect adversely the company's public relations.

"Now I want to suggest, G. W., that you take the whole matter up with Jeff. I don't know if anyone can accomplish anything with him, but it does seem up to the union to try. Tell him—I don't want to suggest what you should say—but use words strong enough to let him feel this is very serious. Tell him his activities are hurting the company. Tell him they will hurt the local. Tell him that our agreement is based on a 'continuation of harmonious relations' and that if he causes the finger of public opinion or the strong arm of the law to be pointed accusingly at this company, we will point it right back at the local union. Tell him to 'cease and desist' from these unpopular activities if he wants to retain his position. Don't mince matters. Talk the whole situation over with him from the standpoint of the public, the company, and the union. You may get him to understand, although I doubt it."

Bellamy, who had remained silent, now said, "Mr. Howland, I will take this matter up with the executive board in a special meeting that I will call tonight. I will give them all the information. If the Board authorizes me to see Jeff, I will. I will have a report for you by tomorrow."

III

At the board meeting the members showed considerable concern over the situation, revealing intense feeling against the Jehovah Witnesses. They closed their discussion with the resolution that "Brother Porter is conducting himself in a manner which may bring the local union much unfavorable publicity" and instructed Business Manager Bellamy to confer with him "in an effort to prevent a breach in union-company relations."

The next morning, Bellamy proceeded to the meter department. Porter, a meter tester, was seated at the test board. After a short greeting, Bellamy plunged immediately into the "problem" he had been "instructed" to take up. Repeating almost exactly what President Howland had suggested, Bellamy concluded, "If you don't stop this foolishness, you will lose your job and the local union won't be able to help you."

Porter continued to work while Bellamy "lectured" him. When the latter had finished, Porter said, measuring each word, "What I do when the company does not pay me is none of the company's business; what I do at any place or at any time, so long as I do not violate union rules, is none of the local's business. I am not violating any law, and I am not afraid of the sheriff. If the company and the local feel they can tell me how to run my private life, they can both go to hell—and that goes for you too."

On leaving, Bellamy replied, "Jeff, I'm sorry you can't see things the right way and won't comply with the executive board's request. As for your advice, you can feel certain that I won't follow your suggestion!"

IV

That afternoon Bellamy called upon Mr. Howland to report his conversation with Porter. Mr. Howland thereupon reviewed the entire matter once more. The two men concluded in regretful agreement. Mr. Howland said, "I wish Jeff had changed his attitude because I am not anxious to discharge him after such long service. But I must conduct the business above reproach in the eyes of its customers, the law, and all good citizens. Entirely in pursuit of that policy I'm afraid we will have to remove him from the payroll. It's a bad, sad business, and I am glad that the local union understands our position."

Jeffrey Porter was discharged the next day. In addition to all payments due him, he was given additional pay in lieu of his vacation. He did not inquire why he was being discharged; nor was he given any explanation. The discharge was handled by Superintendent Kane, who was responsible for the meter department.

At the next regular meeting of the local, held five days later, the recording secretary read a letter from Porter in which he requested "the union to use its grievance procedure to obtain my reinstatement for I was discharged without cause." The meeting was thereupon given over completely to discussing the "Porter affair." Bellamy presided but made no comment throughout the proceedings. The executive board presented a full report, including the delibera-

tions and conclusions of its special meeting. During discussions the members again revealed their intense anger with "the activities of the Jehovah Witnesses in time of war." Finally a motion that "the communication from Brother Porter be filed, and that the recording secretary be instructed to notify him that the union does not intend to appeal the case" was carried unanimously. The recording secretary informed Porter via registered mail, with "return receipt requested."

V

Some ten days later, Porter wrote International President Edward J. Brown at union headquarters in Washington. After outlining the facts, Porter asked that President Brown assign an international representative to investigate "so that I can be reinstated." Porter cited his long record of union membership and his length of service with the company. He pointed out that had his service record remained unbroken, he would have been eligible within two years for a monthly pension of $85 for the remainder of his life. These pensions were paid through an insurance company from a retirement fund financed by the company and the individual employees. In conclusion, Porter noted that upon retirement he would also file application for the pension paid by the union, which amounted to $42 per month.

International President Brown at once routed Porter's letter to the vice president in charge of union affairs in the Southwest, and through him to the international representative, David Owen, who had jurisdiction over the area of which Borderton was a part. Owen's calendar was crowded with prior or more pressing war assignments.

Thus Owen came to Borderton to initiate his investigation some 30 days after Porter's discharge. Owen viewed the Porter case with considerable perplexity. As an experienced union official, he knew that it was most unusual for union members to accept without protest the discharge of a fellow member on the eve of his matured rights to retirement. All the union's dealings with the company made him certain that it did not make such a discharge without discomfort. He was also aware of the strong community sentiment against the Jehovah Witnesses. Nonetheless it did seem as if some way might have been found to persuade Porter to "lay off" his proselytizing, or at least to adjust it to his duties as employee and union member. Owen determined to review every fact that might yield more insight into "how matters could have come to such a pass." With this objective he conferred at length with Porter, Bellamy, and President Howland; he met also with the executive board, with Bellamy present. With these discussions concluded, Owen attempted to reassemble what he knew and had learned into a clearer picture of the situation.

VI

At no point did he hear the slightest criticism of G. W. Bellamy or his conduct of union affairs. On the contrary, President Howland had told Owen how much all company supervisors admired Bellamy; they trusted his

fairness in all joint dealings. Union members similarly displayed the utmost confidence in him; he enjoyed among them an unusual popularity as a person and respect as an official.

Bellamy, 40 years old, had been married for 12 years; he had no children. He had been a lineman for 22 years, 14 of which had been in the employ of the Borderton company. His membership in the union began in 1924; from the beginning of his employment by Tri-State he had been an active member of Local Union 293. Until very recently, indeed until 1941, the popularity he seemed always to enjoy was the liking accorded a hearty, vital sort of fellow. He drank, yet could hold his liquor. Although a gambler, he always played fair and took losses even better than gains. Trigger-tempered, he was ready with his fists and usually gave better than he got. Yet he knew also that everything had its place; nothing was permitted to interfere with his duties to his job and his union. He was an expert lineman, and was extremely effective in conducting and promoting union affairs.

In 1941 Bellamy suffered a severe illness, during which his life hung in balance. After his recovery, friends began to note striking changes in his behavior and personality. He became a member of the Nazarene Church, and within a year was a deacon, as well as Sunday school superintendent and church treasurer. He gave up all drinking, gambling, and tobacco; the colorful profanity disappeared from his vocabulary as did his ready belligerency from his behavior. But he was still the most popular man among his associates; indeed his new way of life had added an intense admiration—from fellow employees and superiors alike—to the respect and regard in which he had been held.

From the early days of his affiliation with Local Union 293, Bellamy had played an active role in extending organization among company employees and in participating in internal union affairs. As the local increased its membership, it was torn for some years by a bitter fight regarding the kind of union it should become. Although Bellamy was a lineman, he led the faction which held that all employees engaged in the distribution, appliance, power, and meter departments should be eligible for union membership. The opposition fought strenuously for their conviction—that only skilled journeymen linemen [1] should be members. The leader of this opposition was Jeffrey Porter.

VII

Porter, a lineman or line foreman since 1907, was an exceptionally skilled craftsman with an old-school pride in his craft. He had been a member of the union since 1908 and of the Borderton local since 1915. The father of grown children, he had encouraged his sons to train for the lineman's craft, and one of them, Richard Porter, was a lineman in the employ of the Tri-State Company. Porter also had enjoyed long popularity with his union fellows,

[1] A lineman becomes a journeyman after four years' apprenticeship, and the ratio of apprentices to lineman by Rule 7 of Article IV of the Agreement is restricted to "not . . . more than one apprentice to each 5 journeymen . . ."

although he had few close friends. He was an "easy-going, quiet-spoken fellow," and the older linemen looked upon him as leader and spokesman for the pride of craft they shared with him. From 1925 to 1933 he had served as president of Local Union 293. It was during his presidency that the struggle to transform Local 293 from its craft basis to a wider type of membership gained momentum. During the early 1930's, the international representative had backed the Bellamy faction, until in the election for the local presidency in 1933 the basis of membership was made the sole issue of the contest. Porter was defeated by Bellamy.

With this defeat, Porter retired from all active participation in union affairs, even failing to attend meetings with regularity. He did, however, maintain his membership. As Porter declined in union prominence, Bellamy advanced. He served as president from 1933 to 1937; as full-time, salaried business manager from 1937 to 1940, when he resigned; and as president and business manager, on pay only for time lost from company duties because of union business, since 1941.

During this period, in 1939, Porter reached the age of 60 years. Thereupon the management summoned him "for a conference." The executives told him how they valued his long years of service, and respected his skill as a lineman. But they feared that the lineman's craft entailed inevitable hazards for a man of 60 years. The company did not want to see Porter subjected to such hazards. Accordingly they were proposing now to transfer him—a proposal, they explained, that most linemen got many years prior to the sixtieth birthday. They offered him the job of meter tester. Congratulating him on his son, Dick, who was "a lineman every inch worthy of his father," they reminded him jokingly that there would continue to be a Porter on the "lineman payroll" to maintain the family tradition of skill and craft.

After this episode, Jeff Porter seemed to withdraw even more from his old associations. His wife had died in 1936, and during 1940 Porter remarried, taking as his second wife a woman some 25 years his junior. She had been a Jehovah's Witness for some time, and apparently soon persuaded her husband to enter the church. Porter and his wife led a very secluded life, cutting themselves off from every association—union, work, former friends—outside the circle of their church interests. But from that circle they projected an assiduous proselytizing that by 1942 had transformed them for many of their fellow citizens into suspect, treasonable enemies. Porter's son, Dick, became particularly aroused, for he was active in all the fields of his father's former loyalties; he was an active union member, an expert lineman, a loyal company employee, and a citizen who shared his community's intense devotion to the nation's war effort. Dick determined to attempt "to bring back" his father from this "Jehovah Witness trash." He called upon his father and in the presence of his stepmother began to argue the policies and practices of the Witnesses. His father responded with increasing anger and passion; one tense word led to another, and the pathetic family conference ended in a fist fight between father and son.

From that time on, Jeffrey Porter literally imposed a self-ostracism upon

himself. He attended no union meetings whatsoever. While at work he spoke to no one unless he was addressed, and then made the exchange as monosyllabic as possible. He cut himself off from his children, never noticing Dick, and went his new religious way with his wife.

VIII

As he thus reviewed the evolution of the situation which had created the Porter case, International Representative Owen decided that some way should be discoverable by which Porter could regain his pension rights, yet safeguard the company's justified concern over its public relations. He addressed himself to this goal. Two further conferences with President Howland convinced him that although the company feared the impact of Porter's proselytizing on its community relations, its executives would, as Howland phrased it, "like to see Jeff get that pension."

Sensing this disquiet in the company, Owen had a long talk with Porter. He found him not at all uneasy over the protracted negotiations, nor eager to press the company for reinstatement. Indeed, he told Owen, all that really concerned him was his pension. He'd actually prefer not to go back if some way could be found to assure him his retirement rights in 1944, when he would be 65 years old. When Owen explained, however, that reinstatement with restoration of "unbroken service" was essential to receiving his pension, Porter accepted this quietly.

Shortly thereafter, Owen obtained an interview with Sheriff Bailey. The sheriff was uncompromising, almost blusteringly adamant. He would continue to keep a sharp eye on that whole "Jehovah Witness outfit." The community in his charge had no patience with subversive activities, even if operated in the name of religion. No, Owen could not have access to the "file" against Porter. And now he was warning the union, as he had warned the company, about that fellow.

When Owen again sought conference with President Howland, therefore, he had to restrict himself to a direct, human appeal for reinstatement of a long-service employee. Howland, still uneasy and reluctant, called in the company's executive vice president, Webster Wright. When Mr. Wright proved similarly unwilling to make any positive recommendation, Owen informed the two executives that he must ask for arbitration. He intended to demand reinstatement with all seniority and pension rights restored, compensation for the 117 days Porter had thus far lost from the job, plus any further time lost until the case was settled. He believed Porter a victim of wartime hysteria, and felt sure the company and union could find a fair adjustment, were the will to adjust actually present. Both Howland and Wright declared themselves averse to arbitration. They doubted, indeed, the technical validity of such a course. But Owen persisted, arguing that the initiation of this case through the office of the company president represented merely management's own choice about skipping the preliminary steps in its negotiation. President Howland then suggested a final conference the next day.

When Howland, Wright, and Owen met in this final conference, the com-

pany submitted a proposal of settlement formulated in executive conference the night before. The company would ask that Owen procure "a promise" from Porter that "he would cause no further trouble for the company as long as he remained an employee." In return, management would reinstate him with all seniority and pension rights restored. Since the discharge action was taken in full consultation and agreement with the local union, management would not pay Porter for his time lost. Owen promptly informed the executives he considered their offer a fair one. Howland and Wright expressed their satisfaction; they really wanted "to see Jeff get his pension." It had been a difficult situation; they would be glad if this intervention by the international resolved it. The three officials parted on a note of amicable understanding and expressions of mutual confidence.

Owen thereupon went immediately to Porter's home to convey the terms of settlement. Porter heard Owen through silently, and then accepted the settlement with an expression of gratitude to Owen. As he seemed very much moved, Owen took a friendly leave as soon as he could.

He then sought out Bellamy, who also expressed gratification at this "turn of affairs." When Bellamy reported the settlement to the local union, the members transformed it into "a victory for Local Union 293." They seemed genuinely pleased, and somehow relieved.

Porter returned to his job as meter tester, which he filled satisfactorily until he was "honorably retired from active service" in 1944. During his employment after reinstatement, he attended no union meetings, nor displayed any friendliness toward any union member. After his retirement, Porter remained withdrawn from all his former activities beyond his own home, where he seemed content to keep himself occupied in his garden and house.

Discussion Questions

1. What clues would you say help explain Jeffrey Porter's behavior?
2. Evaluate the handling of the situation by Mr. Howland up to the time that the international union representative, Mr. Owen, came to Borderton.
3. How would you explain the apparently contrasting reactions of Owen, Howland, and Bellamy to the case? Evaluate the policy pursued by each of these three principals.
4. How would you characterize Mr. Owen's handling of the case?

REGENT COMPANY

WILDCAT STRIKES AND THE QUALITY DRIVE

In the two decades that Mr. Paul Murray had been impartial chairman in the Capitol City market for the men's clothing industry, he had periodically received calls to settle disputes expressed through wildcat stoppages at the Regent company. Neither the Amalgamated Clothing Workers Union, which had been bargaining collectively with this firm for over a quarter of a cen-

tury, nor the management, nor the impartial chairman had been able to put a stop to these walkouts. Excerpts from the transcript of a hearing on a dispute and from interviews held with employees in connection with it follow:

Present for the Company	*Present for the Union*
Edward Wise, President	Joseph Friedman, Manager of the Joint Board
Henry Behr, Head Foreman	Samuel Castani, Business Agent
David Goulden, Foreman	
Charles Abel, Foreman	
Louise Poletti, Forelady	
Christy Marsetto, Foreman	

Arbitrator: Mr. Wise, you asked for this hearing; suppose you tell us what the situation is.

Wise (m): We are having this hearing to prove that the workers haven't lived up to the agreement. We have frequent stoppages. Let there be the slightest dispute, and the workers put on their hats and walk out. We think our employees must recognize that we, too, have rights under the agreement. They can't just walk out.

Arbitrator: Tell us about some of these actual walkouts.

Wise (m): Let me begin with the disturbance when we made our merger. As you know, we really have been running two coat manufacturing shops—a small one downstairs and a large one upstairs. We decided to merge them into one. We discussed the whole situation first with the union. We hoped that the merger would let us dovetail production of sack coats and topcoats, and so spread work through the whole year. The union agreed.

Well, what happened? When the help from the downstairs shop, where we were making sack coats and specials, came upstairs to work, those people upstairs where we made topcoats wouldn't work with them. There was a terrible commotion. They all walked out.

Arbitrator: When did this happen?

Wise (m): It happened about ten weeks ago. Then there was the case a few weeks ago when we took on a new piece presser. After he had worked one day, the men in that group refused to work with him. I couldn't make out why. They said that this fellow—he was a big strong fellow—would take away their work. Finally their foreman here [pointing to Goulden] had a talk with the leader of this particular section. What happened that day, Dave?

Goulden (m): The spokesman said he wouldn't work and nobody else would work if this new man touched the pressing. I said, "I promise you that I won't give this work to anyone until an official of the union straightens this out." He said that he was going to walk out. I begged him not to. We finally agreed that he would go to the office of the union for a half hour and notify them and come right back. But then all the pressers walked out. I said, "Why do you take all of the others with you?" He said, "All or nobody. Either we all work or none of us work." They were away for a day and a half.

Wise (m): In a factory every section is dependent upon the others. If one stops, you might as well close the whole factory.

Arbitrator: Was this the busy season? What did you say to them when they came back?

Wise (m): It was the height of the busy season. I called the union. We finally had the understanding that they should all come back and we should take the case to arbitration. They came back the next day. I said nothing. I was glad to see them.

Goulden (m): We had some stoppages with the canvas basters. I gave them some work to do. They said it was new work, and they wouldn't do it until a special price was made. They stopped working and stayed out for a half a day. They simply walked out until the price had been decided.

Wise (m): As soon as you ask them to do the work a particular way, they want more money for it. Sometimes it may be really something new; but mostly it's a better way to do the same thing. We always try to improve our quality. We think that if we don't agree on rates for new work, our difference must be arbitrated. If the company has been wrong, the workers get "back pay." But the individuals must work in the meanwhile.

Goulden (m): We had some trouble with the lining makers too. We gave them work, but they wouldn't do it and walked out.

Wise (m): When these lining makers were brought up from downstairs, they wanted to work on topcoats. They said the price on sack coats last year didn't let them earn enough.

Arbitrator: I'd like to hear from Mr. Behr who I understand is head foreman.

Friedman (u): Before you start—how long have you been working for this concern?

Behr (m): One and a half years.

Friedman (u) [to Goulden]: How long have you been here, Dave?

Goulden (m): Ten or twelve years, off and on. I went away and was called back. I was sent away only once in ten years.

Behr (m): In the experiences I have had in other cities, such as Rochester, I know that the foreman has the right to go to the worker and complain about the work he is doing. If they disagree, the foreman has the right to stop the worker until it is adjusted. In this shop it is different. If I have an argument with one, I have to fight with the rest of them, and because of the disagreement they will all walk out. For example, we want to improve the quality of the work of the five canvas basters but it happens that each is influenced by the others. Often I have to drop my complaint against one individual and take bad work because the others back her up. But in the other places where I have been, such a thing didn't happen.

Arbitrator: Where did you work in Rochester?

Behr (m): Hickey-Freeman.

Arbitrator: You must have been a good foreman to have worked there.

Behr (m): It's like all other places—some of the people are very good and some bad. But there a foreman had a right to stop a worker from doing

bad work. If a foreman had a complaint to make about the worker, he made it to the labor manager. The shop chairman went along with the worker and they thrashed the thing out either a day or two later, or right away. If the worker was found to be making a mistake, it was straightened out. If the worker made the same mistake three times, the foreman had the right to discharge him. Then it might go to arbitration. But if I have an argument with any one worker here, I have to fight with the whole section in order not to disrupt the production of the shop. I always have to deal with them somehow. If one section stops, the following day the next section can't get their production out.

Arbitrator: Are these actual stoppages you are describing?

Behr (m): Yes. I can't tell you how many we would have had if I didn't try to pacify them. . . . I would like to give another instance that arose with the merger. Plain edge coats have to be tacked. (I happened to be the foreman of the small shop before it was merged with the one upstairs.) These coats were being brought upstairs and there was a certain group there who tacked topcoats and overcoats. After the factories merged, we thought the same workers should tack the edges on the sack coats. They refused to do this because they thought that they ought to get as much for sack coats as for overcoats. They stopped. They accumulated a lot of sack coats and we couldn't get them done. There was one woman who wasn't overcrowded with work, so I gave them to her to do. She said she wasn't supposed to do this kind of work.

Friedman (u) [to Behr]: You're the head foreman and you take charge of the shop. Have you got the power to reinstate a man if he is fired, or to fix prices?

Behr (m): No. [Pauses.] There is another incident that comes back to me now. There was a price made downstairs for felling, for turning in the edge. The felling of the collar and the lapel was to be divided into two parts, and the workers from the two shops were to divide the price between them. Then a dispute arose. One section refused to do it. It is the kind of cloth that unravels if you don't make it up. The cloth was lying around so long and it unraveled so much that there was no edge to turn in any more. They didn't want to do the work because they weren't satisfied with the rate.

Arbitrator: Mr. Abel, what has been your experience?

Abel (m): In joining the sleeve to the coat you have to put in tape. One of them may sometimes draw in too much. I call it to their attention. Once I sent back some coats. Mr. Behr told them to fix them, and they wanted to walk out. I don't know how he quieted them down. When we try to correct something, or improve some part of the work, they want to take a walk right out of the shop.

Behr (m): The situation Mr. Abel is describing is the same as that with the canvas basters. If you complain against one, you have the whole section against you.

Wise (m): If there is a complaint, they all walk out. Take the lapel tackers. There was a dispute over rates. They said that Mr. Castani, the

business agent for the union, told them not to do the work at the established rate.

Abel (m): In armhole basting, they wouldn't do the cutting. They took walks. They wouldn't settle with the union, but they took walks.

Arbitrator: A great many of the difficulties seem to have arisen over the rates. Are the workers uncertain as to the rate they will be paid for their work?

Wise (m): They won't even try to do a job if they think there's the slightest change in it. They won't do anything until they have the rate. How can you have a rate until they start to do a new job and we try things out? What's more, let any complaint be made by the foreman about quality or anything at all, and there's a stoppage. It is in our agreement that there should be no stoppages. Even the union can't do anything about it.

Arbitrator: Do you have much change in your working staff?

Wise (m): The only change is to increase production, and improve quality.

Arbitrator: Most of the workers stay a long time, then?

Wise (m) [with emphasis]: They stay for years. They try to get jobs for their relatives and friends. [Pause.] When Mr. Behr came, things began to happen again. When anyone new comes in they use it as an alibi.

Behr (m): They opposed me right from the beginning. I came in and tried to teach them how to do things right. The minute you tell them something different from what they are used to, they think it's more work. However, as time passed, as a result of what I had showed them, their earning capacity increased, even though the rates were the same.

Arbitrator: You taught them to turn out greater production?

Behr (m): I taught them tailoring. After a time they started to admire me, to like me—even though in the beginning they opposed me—because they saw that they earned more money with my methods than before. Then they got used to me. Somehow they took to me.

Friedman (u): How long since you've been in charge upstairs?

Behr (m): For ten months. When a new man comes in and then tells them to do something, they oppose him. I have been with this firm for 16 months. Up until ten months ago I was down in the small shop. Since then I have been upstairs.

Arbitrator: Are the difficulties diminishing at all for you now that you say the workers have been accepting you more?

Behr (m): No, I think that these stoppages continue just the same.

Arbitrator [to Behr]: You like to insist on quality, don't you?

Wise (m): One of our ideas in bringing him [pointing to Behr] upstairs was to improve quality. We brought him up in an emergency. The foreman of our upstairs factory took sick. But we decided to keep Mr. Behr there to improve the quality.

Arbitrator: How rapidly did you go about improving the quality? Did you explain your plans to the workers and the foreman before the merger, or when you took charge upstairs?

Behr (m): No, we didn't have a meeting.

I might mention that Mr. Abel was also with Hickey-Freeman before coming here. I try to be as much help to the people as I possibly can. For instance, in the basting of canvas I say that the stitches should be small only where it is necessary, not all over. Three or four will abide by my suggestion and then maybe one won't. And if you start an argument with her, you have the rest against you. Wherever it is possible to eliminate some step and improve the garment, I do so.

Wise (m): As to tape sewing, sometimes they make it too loose and sometimes too tight. It is the same amount of work, and there is no difference in skill. It doesn't take any more time to do it right than wrong.

Behr (m): To elaborate on that—not only does one fellow do it right and one wrong, but the same fellow will draw it on one side and have the other side loose. When you ask him to do both the same, it doesn't mean that you want him to do more work. They say, "If you want Hickey-Freeman work, why don't you pay Hickey-Freeman prices?" This happens frequently.

Arbitrator [to Wise]: How did you introduce Mr. Behr when he went upstairs?

Wise (m): I really didn't have to introduce him. He had been in charge of the downstairs shop for six months. Mr. Abel had just arrived here and had gone upstairs two hours before the head foreman got sick. We thought he would be out two weeks. But when we got reports that he wouldn't be back so soon, we decided to make a change right then and there. Mr. Behr went up in this emergency. We told the workers that the foreman would probably be ill a long time.

Arbitrator: You just told them that Mr. Behr was coming up?

Wise (m): Yes, they all knew him.

Behr (m): When I knew this arbitration was to take place, I wanted to bring one person from each section to talk about the shop.

Arbitrator: I am sorry they aren't here.

Behr (m): I picked out one of the calmest canvas basters but she wouldn't come. She said that she would go only if all the canvas basters went.

Arbitrator: I think we'll let the representatives of the union give their side of the case now.

Friedman (u): I want to say first why the union did not bring workers here. At first I thought it would be a good idea. But things are not settled at the shop as yet, and if I brought the workers in here before all their bosses, it would put them on the spot. There would be arguments and more trouble. I definitely recommend, however, that the people testify before you, Mr. Murray, without either Mr. Wise or myself present.

In order to get the whole story, I think we ought to go back a little. This house was first known as the Lester Square Clothing Company, manufacturing a popular priced line of clothing until 1933. In 1933, the concern incorporated into the Regent Company and started to manufacture a garment with imported cloth from England. It was a better, higher priced garment, equivalent in quality to Hickey-Freeman. In 1935, Mr. Wise took a committee

from the shop to Rochester with the union's approval and went through all the quality shops. He wanted to duplicate the system and quality of the Rochester garment.

Now the union has cooperated with the company in this shift from the start. It was the depth of the depression when they started. We wanted to save the jobs of our members. The union recognizes the firm has made a real achievement. It has increased business, and has won an outstanding reputation for quality.

As a matter of record, let me read from a newspaper story that will show you just how far the company has gone [passes a newspaper clipping to Mr. Murray]. That four column spread tells the story of a topcoat worth $900 manufactured by the Regent Company. It was made of vicuna cloth, about the best and rarest wool in the trade. Vicuna is a kind of camel that is still wild; South Americans haven't been able to domesticate it like the alpaca and llama. Vicuna cloth is the softest, silkiest wool we have anywhere, and it's scarce since it must be taken from rather small animals that live on the loftiest slopes of the Andes, and don't yield much fleece.

Anyway it was quite a coat. When the company discussed this with us, we agreed it would be an excellent promotional scheme. And the press that coat got proved we were right. Every paper in town carried stories; and it was reported in other big cities, too. People flocked to see the coat which was on display for quite a time in a leading store in many a large city. The company had a party for buyers from all over the country in the Waldorf Astoria.

What I want to show is how the company has become a quality manufacturer after a long history as a producer of a popular-priced line. It has meant lots of changes in the plant since 1933. The union testifies to the fact it was a big accomplishment. The union helped achieve it, we feel; and, of course, the workers did too. But when you take a shop that manufactures a cheap line and bring it up to a $900 line, the tailors shouldn't suffer for it. They have been doing just that. Here is one reason for the stoppages.

The union definitely opposes stoppages. How does it come that we don't have this problem of numerous stoppages in other shops? Well, we have reached an understanding that wherever a complaint arises, it is settled immediately. After all, the people who work in the shop are human beings. You can't treat people like a piece of cloth.

In this factory, the foreman has absolutely no authority to reinstate a man even when he has discharged him. Mr. Eddie Wise is the sole and final authority for doing this and in fact everything else. Such an arrangement is bad for the morale of the workers. If I am in charge of a certain section and I suspend a man, I ought to be the one to rehire him. If the foreman suspends a man and Mr. Wise rehires him, the foreman becomes the bad fellow. A worker naturally hates the man who fires him. The foreman is placed in the position of having the people lose respect for him.

Now take the matter of the merger. The shop downstairs was making

sack coats for a number of years. All of a sudden it was decided that this shop was to be given up to save money and all the people were to go upstairs. The understanding was, as we got it from our business agent, that upstairs a separate section would be set up for these workers and they would do the same work they did downstairs.

I thought that before the people were sent up, the company would call them together and that the workers would gradually be sent upstairs in rotation. I happened by accident to walk in the day they moved. What happened was that Mr. Wise marched all the people upstairs at the same time. He went up with the foreman and said to one after another, "You sit here, and you there, and you there," and that caused a great deal of excitement.

For argument's sake, say I am a sleeve sewer. There is more money to be made in topcoats than in sack coats. I have a certain amount of work a day. Mr. Wise brings up a man and it looks to the upstairs section that some of their work is going to be taken away. Naturally there was a great commotion. Mr. Castani, the business agent, came up and Mr. Wise (he's a little temperamental)—instead of inviting him into his office, starts a loud row with the business agent (who also has a temper). I don't claim that our man said just what he should say, but when such a thing happens in front of all the people, and they see their boss and their business agent start calling each other names, well then before you know it the people are up in arms. They stopped working.

I could go through every other instance cited by Mr. Wise. But I know the company will not deny what our members in these work sections tell us: "Things aren't done orderly. The boss shouts at us." What can the union tell them? I have to take the part of the concern and ask them to make allowances because the boss is excitable.

In 1935, Mr. Wise invited me to go to New York with him. A retailer wanted some suitings and he wanted us to watch both delivery and quality. We visited the buyer and the company obtained an order for 4,000 suits through the cooperation of the union.

Things must be settled right away. It is only human that if matters drag, the workers become increasingly conscious of extra work. If a worker is told that he has to sew on an extra piece of tape and we settle it right away, I can settle it for one-quarter of a cent. But if it runs on for a week, we won't be able to settle it for one-half of a cent. Mr. Wise doesn't realize these difficulties.

Our contention is and our demand is that we want the settlement of all grievances within 48 hours. If not, we are not going to accept the responsibility for walkouts. This is a big concern. You [addressing Wise] have a good trade reputation; you make good clothing. We have done everything to help this firm. The union has been fair. It has closed its eyes to a good many things. There were times when the firm was in a jam and the people had to work Saturday. The union granted this request. With the permission of the state we had people working on Sunday. It isn't a question

of whether the union is right or wrong, but we must work out a solution here as we do in other firms.

Wise (m) [smiling]: How can you beat a labor man at this kind of argument? Why, I've known Joe Friedman for years. He can always make a better case than I. My business is making clothes. My outfit has done a lot for the industry and for this city. We have created the feeling that we make the finest coat in the country. I like to do that. And after all, isn't it good for all of us if I can make suggestions that improve the quality of our work? Those newspaper accounts show what we have done.

Arbitrator [to Miss Poletti]: How long have you been here?

Miss Poletti (m): I have been here for six months.

Arbitrator [to Wise]: You have been introducing quite a few new foremen.

Wise (m): They have really been replacements.

Arbitrator [to Miss Poletti]: How do you get along with the girls in your division?

Miss Poletti (m): Sometimes good and sometimes bad. Sometimes they want to walk out for nothing. About two weeks ago I told them to fell the edges on some sack coats. They wouldn't do it. They said that they wouldn't do it until the price was fixed. They had been working on overcoats; they knew the price for sack suits. Sack suits are shorter, and so naturally the price is less than for overcoats. They said, "The boss doesn't want to pay us more, so we won't work."

Wise (m): The union can't control the workers. There should be some way for a decision to be made so that they can't walk out. If we could arrange that, our difficulties would be remedied.

Arbitrator: I'd like to make a temporary decision, in case some disputes should arise before we have time to look into this further. I'll tell you frankly, Mr. Wise, you seem to have more trouble with stoppages than any other place. I'd like to help this situation and not merely make a decision as if this were a court of law. I want the decision to prove a means of promoting a better understanding between the firm and the workers. Accordingly I am going to make an interim decision:

There should, of course, be no stoppages. I am also going to say that there must be a defined time within which grievances must be settled, and a clearly defined machinery or procedure for handling disputes including a method of setting prices.

I am not now in a position to make a permanent decision. I want to know what lies behind all this confusion and chaos. I shall interview some of the workers.

INTERVIEWS WITH WORKERS OF THE REGENT COMPANY

Union Shop Chairman: Mr. Santoni

Santoni [in reply to a query about stoppages]: You can't wait six months to settle a dispute. I always try to keep them in but Wise is always busy.

Interviewer: What happened when they moved all those people up from downstairs?

Santoni: They brought them up here when work was rather slack.

Interviewer: There was a walkout then, wasn't there? Did you try to hold them back?

Santoni [laughing]: I didn't want to get lynched.

Interviewer: Why is there so much trouble about prices?

Santoni: They are always making changes here—changes in work and changes in prices.

Interviewer: Can we talk to some of these workers?

Santoni: Sure! Of course, some of them don't speak English very well.

Interviewer: Perhaps we could start our interviews by talking to one of the canvas basters.

Santoni: Sure. I'll see. [He goes out and returns in two or three minutes.] They all want to come.

Interviewer: They won't come separately?

Santoni: No! They say, "We'll all come."

Four Canvas Basters: Mary, Sylvia, Anna, and Rose
(All are Italian women, over 35.)

Interviewer: Good morning. I am glad to see you people. As you know, we have been called in to make a decision on your disputes with the company. We are told that stoppages occur and that there are difficulties about work, and prices. We want to get your point of view so that we can make a fair decision and do something helpful.

Mary: Just now we have to wait around all day for work. Why isn't the work piled up so that we can have a full day's work? We know it's the slack season but why should we be compelled to hang around all day?

Sylvia: We come in at 8 o'clock and maybe don't work until 9. All of us have a home, you know. He don't want us to go home. He just wants us to stay around and won't let us punch our time out.

Mary: That new head foreman has no consideration. He always wants the work done some other way. We've been canvas basters so many years; we know our business.

Anna: He rips a coat out if he don't like it—just like this. [She makes a gesture.]

Interviewer: How long have you people been canvas basters?

Mary: I've been working here eight years.

Anna, Sylvia, and Rose [together]: Four years.

Interviewer: Are you all married?

Anna: Yes, all except one [pointing to Mary].

Rose: Yes, and I have two children.

Sylvia: I have four children. One of mine is 17.

Interviewer: I never would have supposed that.

Sylvia [pleased]: That's true though.

Mary: I have 10. [They all laugh.] I don't want to get married.

Why should I get married? You can't trust men anyhow. A man will wink at one girl and kick another under the table at the same time.

Interviewer: Are you having trouble about wage rates?

Anna: And how! That's really where all the trouble comes in. [With disgust.] And he's so fussy with his coats!

Sylvia: And we are barely able to talk. He doesn't want us to talk to each other, and he says, "You are all barely doing the work."

Interviewer: What happened when you had the merger?

Anna: Well, there were all kinds of arguments all over the place and the boss [referring to Wise] got mad and we went to the union. But then he comes up and started swearing. [They all laugh.] We were all crying, you know.

Mary: He's temperamental. Sometimes he don't mean it.

Santoni [interrupting]: I says to him, "You can't talk that way to ladies." [Turns to them.] Then you walked out.

Mary: We never walked out. The union told us to go.

Interviewer: You're all friends?

Mary: We fight sometimes but we're all friends. If any one of us doesn't have a coat to work on, we all stop until she gets a coat or two.

Interviewer: Why do you do that?

Mary: We start at the same time and end at the same time so that each gets the same amount. We are all pieceworkers, and it's all right for the faster worker to earn more. But we believe we should all have the same chance. That's why we stop working when any girl doesn't have a garment. We start again when she gets one.

Interviewer: Are you having trouble with Mr. Behr?

Mary [with disgust]: If he feels like ripping a coat he just rips it. [Makes gesture.] We always try to do it his way. But it seems we can never satisfy him.

Interviewer: I am told that you refuse to work in the way he tries to convince you is better, that you walk out every once in a while. Is that so?

Sylvia: We never walk out.

Santoni: Last time you had an argument with Wise you walked out.

Mary: On account of what the union told us!

Sylvia: If he calls us those names, will we just stand there?

Interviewer [laughing]: He's not a bad fellow, is he?

Rose: Oh no. He's just temperamental. But we refused to go back until he apologized!

Interviewer: Did he apologize?

Mary: In his own way. After all, you can't expect a boss to apologize just like that. He just says, "Well, what do you want? Go back to work." But just the same he said it in a way that was nice and then we went back to work.

Rose: It seems like there are changes all the time. Always changes. We always do new work, and it's more work, too, but we don't make any more money.

Mary: You get so worked up here you're all upset when you get home at night.

Interviewer: When do you get home in the evening?

Rose: We leave at 4:15 and get home about 5:15. Then we have to cook supper, get clothes ready for the children for the following day, and prepare lunch for the next day.

Interviewer: Do your husbands work in the clothing industry?

Anna, Sylvia, and Rose: Yes.

Interviewer: How about the other foreman? Do you have trouble with him too?

Mary: Mr. Goulden is more on our side. He gets a call down too once in a while.

Interviewer: What happened when the shop from downstairs was moved upstairs? Were any canvas basters from there put at your table?

Mary [emphatically]: Yes! He brought one girl to our table. But we wouldn't work with her. We're four and we're together and we don't want anyone to take our work.

Interviewer: What happened to the other girl?

Sylvia: Oh, she works at another table—away from us. We have nothing to do with her and she has nothing to do with us.

Five Joiners: Joseph Balbo, Edward Testa, Anthony Malazetti, John Francesco, and Harry Bergman
(All are middle-aged men.)

Interviewer: Are there any special difficulties in connection with your section?

Joe: This is the end of the season, and we're not doing much now. Instead of having one or two men come in, he [Wise] has us all come in for that little bit of work.

Interviewer: Why does he make all of you come in?

Joe: Each one of us used to do the whole job. Now it is all done in four sections and each one has to do just one part.

Interviewer: Do you have the same trouble in the busy seasons?

Joe: Sure, and he always wants something different—always some improvement—always more quality.

Interviewer: When was the work divided up in this way?

Harry: Just this season.

Interviewer: Why?

Joe: The new foreman wants it that way. They always are changing things.

Interviewer: Does it have any effect on your earnings?

Joe: Well, in order to avoid any unfairness, or misunderstandings among ourselves, we decided to divide up what we make during the week. We are pieceworkers and earn different amounts. But at the end of the week when we get our pay envelopes, we just add all the money together and divide it by five.

Interviewer: Have you all worked here quite a while?

Joe: Oh, yes. We've all been here for years.

Interviewer: Tell me something more about these changes.

Joe: They mix you all up here so you never know where you are. First they tell you, "Sew it this way." Then, "Sew it a little tighter." The foremen disagree too, and you can do it 100 per cent right and still be wrong. [He explains this with gestures on an imaginary garment.]

Interviewer: Doesn't the foreman have a right to ask for better quality?

Joe: Yes, but if he wants something different, it should be taken up and the rate fixed.

John: He wants a better garment now. He wants more work for the same money.

Lining Maker: Frank Golov
(He is about 50.)

Interviewer: We want to get your point of view about the difficulties that occur around this shop.

Frank: The workers are too good around here. They take too much.

Interviewer: How long have you worked here?

Frank [with some satisfaction]: I work here 19 years.

Interviewer: You're a veteran then. What happened that time you walked out?

Frank: When I take my hat the other boys come too. But that was not a walkout. [With emphasis.] He put me out. One day he called me a bum; then he called me a gorilla. And right in front of the bookkeeper. When I went, the others went. We always show the boss it's all for one and one for all.

In some sections they change as many as five times a day. The foreman comes around and says, "Do it this way." Then Eddie Wise comes around and says, "Do it this way." Now see what happens. In a few weeks, they don't want it that way any more. The rate is never fixed right away and you lose. Every time they change it takes longer, and if you work five minutes more on a coat, that's a lot, when you are paid by the piece.

Discussion Questions

1. Discuss the factors which seem to you the causes of the recurrent wildcat strikes at this shop. Compare the causes here with those of the wildcat strikes at the Abbot-Peabody Company and at the Hilton Clothing Corporation.

2. Appraise the shift to quality production in terms of its consequences for (*a*) the employees, (*b*) the management, and (*c*) the union.

3. Evaluate critically the manner in which the problems of effectuating the quality program were met by (*a*) top management, (*b*) line supervision, (*c*) top union leaders, (*d*) union shop representatives, and (*e*) rank-and-file workers.

4. How would you size up the quality of relationships in this shop and the outlook for their future?

5. On the basis of this case, outline strategic factors to be considered in introducing a new production program.

ELLISON SHOE COMPANY

A CRAFTSMAN QUITS

I

Ambrose Vitek, an employee in the sole leather department, approached his foreman on Saturday morning for his wages; he wished to quit. Foreman Cooley refused an order for wages without knowing Vitek's reason for quitting.

Vitek then went to the employment supervisor, Gerald Smith, who in turn took him to see the superintendent. Learning that Superintendent Lawrence would be away for a few days, Mr. Smith talked with Vitek. Vitek alleged that the union grievance committee in his department, and many of his fellow operators, had made his life miserable. The union, affiliated with the AFL, had recently won a representation election, superseding the independent union with which the company had been dealing for some two years, after the latter in its turn had replaced the CIO union.

Vitek was much excited in this conference and talked a great deal about his abuse at the hands of his fellow employees. Before the conference was over, he stated that he had not been getting his share of "centers," for which more could be earned than on other parts of the hide. Vitek also complained that he had been getting large sizes while other cutters were given small sizes, which enabled them to earn more than he. Mr. Smith urged Vitek to remain on his job and take up the case with Mr. Lawrence on Wednesday when he returned.

II

The following bulletin had recently been posted by the company:

POLICY IN REGARD TO LABOR UNIONS

1. There are several labor unions in the shoe industry.

2. The position of this company regarding each and all of these unions is *entirely neutral.*

3. The company will not advise an employee whether or not to join a union or whether or not to join any particular union. This question the employee must decide for himself.

4. By the terms of our current agreement with the union, the company retains its rights to hire and employ qualified workers regardless of their membership or nonmembership in any particular union. There have now been three representation elections in our plant. The company has abided by the wishes of its employees in dealing impartially with the unions successively certified as their chosen majority spokesmen—even though management still feels that the history of this

company over many years amply demonstrates that no union is needed to protect employee interests in our dealings together. The company asks the same observance of our current agreement from our union employees. They should abide loyally by their contractual pledges not to "intimidate or coerce employees into membership in the union," and not to "recruit new members on company time."

5. The company must act toward all employees *according to the facts* in each and every problem. All employees have the right to the same treatment, regardless of whether they do or do not belong to any organization. The company must do what it believes to be right by everybody working here.

6. The policy of this company with regard to becoming a union shop *has not changed.* Any statement that the company prefers to select employees from among union members generally, or from among the members of any particular union, is not true.

7. We have always believed, and always will believe, that the true interests of the company and its employees are identical. We believe that the most satisfactory solution of problems arising in this factory can be had only by frank, open conferences with employees, thus utilizing their understanding of shop conditions.

8. In conformity with this belief, there will always be the freest possible opportunity to discuss problems with the company management either:

(*a*) Personally with the foreman, employment supervisors, superintendent, or general manager; or

(*b*) Through regularly elected union representatives.

III

On Wednesday morning, a conference was held in the superintendent's office. The superintendent, the foreman of the department in which Vitek was employed, four members of the union grievance committee, and Vitek himself were present.

Vitek repeated the complaints he previously had made. He also stated that the grievance committee of the union had told him not to take anything up with the management except through the committee.

The chairman of the grievance committee replied that Vitek was lying, that the committee never had advised him not to take up anything with the management directly. The committee then charged Vitek with breaking union rules. The superintendent suggested that such a charge could not affect Vitek's employment; it was for the union and not for the company to discipline a man who had broken union rules.

The conference was closed by the superintendent after he had assured the union representatives that he would take the matter up with them as soon as he was able to get the facts concerning the assignment of work to Vitek.

IV

Two days later, the superintendent talked privately with Vitek and told him the results of the investigation regarding the discrimination he had alleged in the allotment of centers and sizes. The superintendent also stated his decision regarding Vitek's status with the company.

These points were restated in a conference held later the same day with the union grievance committee, at which the following were present:

For the Company	*For the Union*	
Frederick Lawrence, Superintendent, Sole Leather Department	Anatole Newell, Chairman	Grievance Committee
Robert Thompson, Manager, Planning Department	George Kelley, Member	
Harry Ireland, Assistant Manager, Planning Department	Martin Moore, Member	
Paul Cooley, Foreman, Sole Leather Department	Edward O'Brien, Member	
Gerald Smith, Supervisor of Employment	James Cody, Member	

Excerpts of this conference follow:

Lawrence (m): I will tell you what we did in the matter of Ambrose. I had them make up a complete list of what every man has cut by weeks, and Ambrose has had just as good a deal as anybody else, and even a little better. As far as that's concerned, he's got no kick.

We have been able to prove that "centers," when he was cutting them, were a little better job than "hind shanks" and "hind shanks" now are a lot better job than they used to be. He kicked on his sizes. We got the list for four weeks and he had had two size 7, one 10, and one 11. We figured that averaged up fairly well. So we told him that if he came back to work—this is from the company's standpoint—he would be on exactly the same basis as he has been, and could expect exactly the same treatment as in the past, which is what we consider to be absolutely fair and square. That settles the matter as between this man and the company.

Now comes the question between you folks and this man. I have talked with members of your committee and told them the company has no grievance against the man. We recognize that he is a faultfinder; and the foreman would, frankly, just as lief that he weren't with us. But we can't fire a man simply because of that. He is a good cutter. I think you folks will admit that. But you folks feel that the man should not be retained and we therefore are asking you to give us reasons why the company should not continue to retain him.

The other day you said that he was behind in his dues and had broken the union rules. But, as I said, that is not something that we can deal with. If the man breaks the rules of the union, you can do anything to him that you want, and that's none of our business. But unless he has also broken rules of the company, we can't discharge the man. We haven't got a union shop. You should not ask us under our present agreement to discharge a man simply on the basis of his position in the union. Now, then, what is your side of the case?

Newell (u): As a fellow employee down there, I think that he is unfair from every way you take him. He is a troublemaker on the floor, leaving the union part of it entirely out.

Lawrence (m): Let's do that, because, although he may have broken the

bylaws of the union, as you folks say, we, of course, know nothing about that. But why should we discharge him, from the company's standpoint?

Newell (u): I should think when you have a foreman in the room you want to see him obeyed and respected, and that fellow doesn't do it.

Lawrence (m) [to Cooley]: What have you to say about that?

Cooley (m): The only thing that he has been disrespectful about is when he talks about stock, and finds fault. The other day he didn't exactly refuse to cut stock; he simply quit.

Lawrence (m): Hasn't any man a right to quit? I mean, if he isn't satisfied with the way things are going, he can come and say "I'm through!"

O'Brien (u): Well, do you think it is a fair and square deal for a man to quit without notice? When this company discharges a man, they don't do it on a minute's notice.

Lawrence (m): No, we expect to give a man a reasonable notice.

O'Brien (u): So he left your employ at a minute's notice. He was not fair to the company, was he?

Lawrence (m): He didn't leave us. He came and said he wanted to get "through." We talked and talked and talked with this man. We wanted to be absolutely fair. But now we have told the man, "We don't feel that you have been discriminated against. As far as we are concerned, if you come back, it will be under exactly the same conditions."

Kelley (u): Does he want to come back?

Lawrence (m): He says he does. Frankly, I didn't expect he would, but he does. I am going to tell you, as I told one member of your committee, the report has come to us in a round-about way that you want this man discharged because you feel that he has been attending your meetings and then has been reporting to the company what has gone on. The only one he has talked with, Mr. Cooley, states that he has not reported anything. Isn't that true, Mr. Cooley?

Cooley (m): Correct.

Lawrence (m): We aren't hiring spies; we don't want people to come and tell us things.

Kelley (u): I don't think that charge was ever preferred against him.

Lawrence (m): No, it was reported to us through another department. You have never made any charge except the general one that you don't want to work with him down there. We want to find out if your reasons will justify us in not wanting him to work for us.

Kelley (u): He is unfair to the men he is working with; he wants to get ahead of them and doesn't care if he knocks a man down and steps on him. Another thing, he won't obey the rules of the union or the company, that is, when they both have the same rule. For instance, in regard to working from whistle to whistle. Originally this man wanted everyone to wait until the whistle blew and to stop when the whistle blew. Then he was one of the very first to break that rule. Some of the cutters complained and he got sore. I don't know if that's the reason he quit going to the meetings for a while. At any rate, he absolutely refused to stop doing that thing.

Lawrence (m): Did he continue doing that? We asked the foremen to enforce that ruling 100%.

O'Brien (u): He is the first person who broke that rule; I spoke to him about it at the time.

Lawrence (m): As I was telling you, some men in Upper Leather said, "We understand you've got a man who has been playing the spy, and the grievance committee has demanded he be discharged."

Kelley (u): I went over there to a conference the other night, and they wanted to know who the spy was. I told them there wasn't any such thing at all.

Lawrence (m): Well, those things do get garbled. We want you to know that he hasn't been going to Mr. Cooley with any tales. Also, here in the foreman's book these instructions exist:

> It is against the policy of this company to employ or encourage informers, spies, plotters, detectives, or other persons for the purpose of reporting to the management on employment problems or labor administration. You are especially cautioned to discourage tattletales, voluntary informers, and employees who endeavor to ingratiate themselves with you by reporting the actions of other employees in a disloyal manner.

I just wanted to get that out of the way. Now as this matter stands, you are asking us to discharge a man against whom we have no complaint. I agree that the man is a troublemaker; there is no particular argument about that. He is not always as truthful as he might be because we have discovered quite a few statements he has made that wouldn't stand investigation. But he isn't the only man who is working in this factory about whom those things could be said with equal truth.

Kelley (u): Yes, but we all agree this man is a troublemaker, kicker, and so forth. It's true there may be others. But the men haven't refused to work with them, which shows that they haven't been hit directly by them, and they have been by Ambrose.

Lawrence (m): That's what we want to get. Just what has he done or said to make the men take that attitude? He insists he hasn't said anything; he doesn't believe that any of the men feel that way except one or two.

Kelley (u): We are suspicious of him because from the very first he was strong for the union and he wanted everyone else to be in it. He was always talking against the independent while it was in here. Now he's doing just the opposite. For a man to make such a right-about-face would naturally make men distrust him.

Lawrence (m): I agree with you on that, but that to my mind is from the standpoint of the union.

Kelley (u): No, as a man to work with.

Lawrence (m): Well now, how would those particular points injure you folks working with him? Most of the time this man has had, as far as his fellow employees are concerned, very little to say. [To Mr. Cooley.] Is that the truth?

Cooley (m): I think so, as a general thing, yes.

Lawrence (m): That is, he has gone to the grievance committee or to Mr. O'Brien frequently with kicks.

O'Brien (u): I think he runs my job more than I run it myself.

Lawrence (m): Has he had much to do with the other men in the room?

O'Brien (u): Let me tell you. When we organized this place, and won in the election over the independent, they made me representative in that room. Instead of me acting in that capacity, he acted in it; he proposed all the rates. I was willing to keep him in good humor if I could. He explained everything to the men. He took the job off my hands and ran it. When I didn't give him "centers," and he couldn't get them himself, he went to work and made a kick.

He wouldn't pay his dues: we didn't press him. The first thing we knew he paid his dues. Everything was all right. Then he wouldn't pay them again.

Then he didn't speak to me for a long time. Then all of a sudden, he changed around again. Every day he would ask me if I wouldn't have him changed over to "centers." I said to him, "Go to Mr. Cooley." He says, "You have more power than Mr. Cooley." I laughed at him, and kept putting him off that way. I spoke to Mr. Cooley about it; I says, "I think Ambrose is up against it. He's come to me repeatedly and said that he was going to quit."

This Saturday he really demanded that I should change him to "centers." Somebody told me that he was on the warpath. I tried to get away from him, but he keeps hold of me. I says to him, "Just wait for a second and I'll get Cody and send him down to Mr. Cooley. We'll get it straightened out now." I went to look for Cody. By the time I was back, he was up here in the office, saying he was quitting. Now, if you had called that fellow's bluff, he would have been back, and we would have forgotten all about it.

Lawrence (m): You agree to that.

O'Brien (u): Yes. I'll tell you; I used to take that fellow into my own home and talk to him—told him that he had to work for a living. He was at my home only last Sunday. He really had no grievance against me, but he has now. As far as the foreman is concerned, he has no respect for Mr. Cooley; I know it.

I have tried to humor him in every way. I said to him: "Your turn is coming; wait." But no, he got it in his head that he would go among these Polanders.

Then there was the time when he said: "You give me 'centers' and the other fellows will be all right."

Newell (u): He made the remark: "Give me 'centers'; give them to a friend of mine, then the rest of the line will feel all right."

Lawrence (m): When was this supposed to have occurred?

Thompson (m): I should say a little while before the 4th of July vacation. There was readjustment of prices; that was the time we raised "centers" 5% and "hind shanks" 15%.

Lawrence (m): It was entirely informal; you just called up a bunch of men?

O'Brien (u): No, they were going to call in the shop committee. But Ambrose rushed up first.

Thompson (m): I think I asked you, Mr. Cooley, to see the committee.

O'Brien (u): From the start this man has been selfish all the way through. He was working for himself and nobody else. But when he was in trouble, he came to me just like the rest of them.

Newell (u): There is another case that shows how he can't be trusted. One time this summer, two men had a mistake in their pay; they were short something. They told the grievance committee. The grievance committee took it up, but didn't make much headway, and those two men came up to the office and fixed it up themselves. Ambrose said they should be suspended because they had not handled their grievances through the committee. The other day he made the statement that to stay in office we were going to pack the union with French and Irish. Just look at that for the way he makes things up. Yesterday one of our fellows asked him, "What's the matter?" Ambrose says, "You know, on my case, I'll have to be paid until it's settled."

Lawrence (m): He has never been discharged. We asked him to stay, and we said we would pay him while we kept him waiting. Why didn't you just kick him out of the union and let him go on working down there?

O'Brien (u): That's up to the men, not up to us; they have taken the stand they won't work with him. He can speak Polish, and he organized practically the whole sole leather amongst the foreigners. He was the first man to congratulate me when I joined. Now he says he was trapped into it. He thought by putting me on this committee that he could get the cream.

Lawrence (m): Well, if he is out of your union, he can't bother you with his grievances. And we haven't offered him any sops or anything of that sort to come back.

O'Brien (u): If he is allowed to get away with this, you will have every man in the department saying, "Well, if this fellow can do that kind of thing, why can't I?"

Lawrence (m): What do you mean?

O'Brien (u): I mean you are going to have your whole department trying to dictate to the foreman what they shall do and what they shan't do, like Ambrose did.

Lawrence (m): We told him, "You come back just exactly as you started out. If the foreman tells you to cut 'hind shanks,' you are going to do it; and if the foreman gives you any run of sizes, those are the sizes that you are going to cut."

Newell (u): That man Ambrose knew the score absolutely Saturday when he said, "It's all off." He knew the game was up; he knew he was wrong.

Lawrence (m): Of course I wasn't in on it Saturday morning.

Newell (u): Well, he knew the game was up. But he wasn't allowed to go; the company wouldn't let him go. The men feel that he is an un-

desirable, and they don't want to work with him. That room feels that way 100%.

Lawrence (m): Is that true of the Poles?

Newell (u): We are organized to the extent that every man has pledged he won't work with that man.

O'Brien (u): If he had played the game fair and square, this thing would have been all right.

Lawrence (m): But look, as I understand it, the supervisor of employment was the one who induced him to come back.

O'Brien (u): That was poor policy. It makes it disagreeable all around when he won't speak to anybody. We haven't got any grievance against the fellow. I'm sorry for his wife and children, but you have to teach him a lesson. We are human, and if we can come to a conclusion that he has had enough and learned his lesson, perhaps we can straighten things out.

Mr. Lawrence, you know that if you had let him quit, in a week or so if he didn't come himself, he would send his wife. We would then take the thing and straighten it out. But if he is going to be so damned stubborn, somebody's got to show him his mistake.

Kelley (u): Why is there so strong a desire for the company to keep this man?

Lawrence (m): We are not wildly anxious to have this chap working for us. But there is a principle involved. The union is asking us to discharge a man whom we have no cause to discharge. The union feels that they have just grievances against him, as a union, and this brings up the principle of the union shop. I am not arguing for Ambrose at all; I am just sticking up for this particular principle.

Newell (u): But we feel strongly that he is an undesirable man to work with.

Lawrence (m): Why don't you kick him out of the union? He's done this against the union.

Newell (u): He is kicked out. He's done this against the firm too. Why don't the firm kick him out?

Lawrence (m): We don't feel that we have sufficient reason.

O'Brien (u): He has done this repeatedly. As I say, perhaps in a couple of weeks from now—I don't know how the men feel but I naturally feel for a man's wife and children.

Lawrence (m): We don't care a thing about the individual in this case. He is a kicker and a troublemaker. But from the firm's standpoint there isn't any real grievance against him. We have got to defend this particular case, not only against you people, but against the management. They are going to ask, "Why did you discharge that man?" We would have to say, "The union insisted that they wouldn't work with him." Isn't that really the situation? Look at it from my standpoint.

O'Brien (u): Yes, but don't you think you have a good grievance just the same as we have? He's a kicker; he quit without notice; he tries to hog the "centers"; he gets the men all stirred up.

Newell (u): Mr. Lawrence, every few minutes he kicks up a rumpus, and yet you go out of your way to get him to change his mind when he wants to quit without notice. You say: "We haven't got a thing against you, Ambrose; you're fine and dandy; go back to it."

Lawrence (m): We don't say that.

Newell (u): It comes down to that. He don't do any of his dirty work himself. He will suggest a committee to do this and a committee to do that, and so forth—all that stuff.

Kelley (u): A man of his disposition, a troublemaker to the company and the men—I would think that was cause enough to let him go when he put up such a bluff as that, and when you called it you found he wasn't right in anything he'd been saying. And also consider the fact that his coming back is going to stir up a lot of trouble among the other men.

Newell (u): You must realize that if he comes back, the others will go out. That's sure.

Lawrence (m): I'll tell you; the principle of the union shop involved is very important. If it is left to me, I can only decide in one way.

Newell (u): We can't require you to discharge him, but if he returns to work you won't find our men at work with him. Just as soon as he goes to the machine, the rest of them go out.

Cody (u): It isn't the cutting room alone that feels this way; it is all sole leather.

Lawrence (m): Mr. O'Brien said that if he had gone home last Saturday and stayed home and thought it over, and come back, it would have been all right. What has he done since then?

Kelley (u): He got reinstated and he's given the rest of us a chance to think.

O'Brien (u): If you had not urged him to return to work, everything would have been all right. You must take that into consideration.

Kelley (u): Why do you want him to come back?

Lawrence (m): There is a principle involved there.

Kelley (u): Why isn't it a good principle to have agreeable men in the factory?

Lawrence (m): A darned good principle. I'll tell you; I want a chance to go over this with the foreman and some of the others. We will not put him back to work until we have gone over this matter with you again. In the meantime, I would like to have you folks think it over and see if you won't be willing to stretch a point.

Kelley (u): There is considerable tension right now; it won't take much to snap a string.

O'Brien (u): This union will stand back of the foreman 100%. Is that what I told you, Mr. Cooley?

Cooley (m): Yes, Ed.

O'Brien (u): Anything that goes wrong in that room, he can always know we will handle it. We know we haven't got a union shop here, but we will stand back of him 100%.

Lawrence (m): We appreciate the way you people have worked with us. We haven't any complaint.

O'Brien (u): One day we were discussing Vitek's cutting, and Ambrose says, "I don't want the boss behind my machine." He said if the boss came behind his machine he would tell him to get out.

Cody (u): I don't really believe it will do to have him come back to work now, until things cool down.

Lawrence (m): Well, I'll tell you; I want to talk the matter over with the foreman and some of the others. Let's continue the meeting sometime tomorrow. Is that agreeable to you folks, for the time being?

Newell (u): I don't like to see this come to a showdown now, but it has come to that point. It is too bad, honest, but there is no use trying to smooth it over.

Lawrence (m): We are not necessarily trying to smooth it over; we are trying to see if there is some way to settle the thing.

Moore (u): I wonder if you could keep him off for a couple of weeks?

Ireland (m): I was going to suggest the same thing; to tell Ambrose he was being punished for his actions and couldn't go to work until a certain date might be the solution.

Lawrence (m): You union folks feel that if a little later on he came around and asked for a job, you would be able to fix it up. Couldn't we arrive at some definite understanding?

Newell (u): I'm afraid it might be too late for that now. The other employees say they will not work with that man. But you, Mr. Lawrence, have already told him he can come back to work. There it is and he's probably boasted all over the room already that you said this morning he could come back. You really have evidence enough not to reinstate Ambrose. You could have accepted his notice to quit; since you didn't, you've got enough evidence now not to reinstate him.

Lawrence (m): We have evidence enough that the man certainly should be discharged from your union for breaking the union rules. Admitting that he is a troublemaker and that he ought to be punished for some of the things he's done outside, ought *we* to give that punishment? You fellows ought to have a certain amount of feeling for the man and his family. Consider that being kicked out of the union and so forth is sufficient punishment. Mr. Newell, see if you can't find some way of straightening the thing out with your crowd.

Newell (u): That puts me in a tough position.

Moore (u): We recognize the fact that we haven't a union shop. But we have a certain amount of principle, too, and there is a big principle involved in this for us.

Newell (u): It's beginning to look as if the firm is putting us to a test.

Lawrence (m): It isn't a case of the firm putting it to the test. If anybody is doing it, I'm the one, and I'm certainly not trying to start any trouble. There is this principle involved, and it is you folks who are starting the thing. You are asking us to do something, leaving personalities out of ac-

count, that you are only justified in asking us to do if we would have a union shop.

Kelley (u): It looks very much like a test case, for this reason: You apparently have reason enough to let this man go—and you won't.

Lawrence (m): I don't agree with you in that. If we had absolutely no union, I don't agree that we would be willing to let the man go. I am inclined to feel that you folks are presenting the issue of the union shop in insisting that we discharge him. Can't we get together again on this tomorrow morning?

V

When they met the next day, Superintendent Lawrence refused to discharge Ambrose Vitek and advised the members of the committee, if they still were interested in the case, to appeal to the general manager of the plant.

Two days later, on Monday morning, the following note was received by the general manager:

> We, the cutters of sole leather factory, refuse to work with Ambrose Vitek, for the following reasons:
>
> That he is unfair, untruthful, a troublemaker, agitator, and altogether an undesirable man to work with. He has shown himself to be a man who would not hesitate to literally step on his fellow workman in order to reach a little higher up on the ladder of success. This we can prove.
>
> (Signed) GRIEVANCE COMMITTEE

The general manager, upon receiving this communication, called into his office the foreman and superintendent of the sole leather department, the supervisor of employment, the union grievance committee, and Ambrose Vitek. The history of the case as brought out in previous conferences was thoroughly reviewed.

The general manager then proceeded with the investigation. The representatives of the employees produced evidence to show, beyond reasonable doubt, that Vitek had been one of the men most prominent in the organization of the union at Ellison's. During the past few months, however, he had taken no part in the union's activities, and had spoken against the organization. The union grievance committee brought into the conference several outsiders who testified that Vitek had told them he had joined the union against his better judgment, and believed the independent union that had preceded it in the plant was far superior.

The union representatives also repeated their charge that Vitek had said: "Give me 'centers'; give them to a friend of mine, then the rest of the line will feel all right." Further questioning on this allegation developed the fact that prior to the controversy about Vitek, the cutters had complained about their rates and had asked management for an adjustment. They were told that management realized the piece rates on this particular work were out of line, and that as soon as a study could be made they would be adjusted.

Shortly after this, Vitek had approached the foreman and had stated that,

if Mr. Cooley would give him centers, he would arrange matters with the men so that the company would hear nothing more about their request for an increased piece rate. The general manager asked the foreman if he recalled Vitek's having made such a proposition to him. Mr. Cooley replied that Vitek had made this proposition but that, since he knew the man was inclined to talk a great deal, he had paid no attention to it. Several employees of the company, who had no immediate interest in the rate issue, volunteered the evidence that shortly after this incident Vitek had told them he would fix it with the foreman so that he could make more money than the rest of the cutters, and the company would not have to increase its piece rates.

It was further testified that Vitek had advised one of the committee members not to turn out too much work per day as that might have an adverse effect on future piece rates. Vitek had also offered a motion in a union meeting, which was recorded in the minutes, to the effect that one of the committee members should see each operator's pay envelope each week in order to detect the men who were working excessively and to influence them to slow down. This motion had not been carried. Several days later, Vitek had told the foreman that one of the committeemen had introduced this motion at the meeting and that he, Vitek, had had a hard fight to keep it from passing.

Both the grievance committee and Foreman Cooley described Vitek as abnormally self-centered and a man who tried continually to advance himself at the expense of others. Mr. Cooley regarded the man as a chronic fault-finder and kicker, but said that he knew of no specific act which Vitek had committed that would warrant his discharge.

The general manager told the grievance committee that he would give his decision on the following afternoon.

Discussion Questions

1. Evaluate, from the viewpoint of management's objectives in the Ellison Company, Mr. Lawrence's handling of the situation created by the quitting of Ambrose Vitek. Include in your consideration the conduct of the conference with the union grievance committee.

2. If you were the general manager, what would be your decision after completing your investigation? How would you proceed to put that decision into effect?

3. In terms of the requirements of current labor relations legislation, give your opinion on the validity of (*a*) the bulletin posted by the company, to detail its "Policy in Regard to Labor Unions"; (*b*) the positions taken respectively by Superintendent Lawrence and the union grievance committee regarding the continued employment of Vitek.

PART II. INSTITUTIONAL RELATIONS: PROBLEMS AT THE BARGAINING TABLE

NATIONAL FOOD SPECIALTIES (A)

THE NEW MANAGER OF INDUSTRIAL RELATIONS

On November 1, 1946, Mr. Robert R. Mitchell entered upon his duties as manager of industrial relations at the Laurelton plant of National Food Specialties, Inc. Local 00 of the Amalgamated Meat Cutters and Butcher Workmen of North America (AFL) had just served notice under the terms of the first union contract at the plant of their desire to initiate negotiations for a new agreement. Even as he organized his office, therefore, Mr. Mitchell prepared for the pending negotiations by exploring background factors. From interviews, community contacts, and a survey of available records, he compiled much of the data he wanted as "preparation" both for promoting the long-term objectives of his job and handling his immediate tasks of negotiation. From his notes he prepared the following account:

1. The Business Is Born

In May, 1929, a well-known chef expanded his business from his restaurant kitchen in Chicago to a small one-room operation.

The business had been started to meet requests of patrons at the restaurant for its Italian foods, particularly for "spaghetti dinners." Separate packages of spaghetti, mushroom flavored sauce with meatballs, and Parmesan cheese were given to the customer with simple instructions on how to prepare and combine the three packages at home in some 10 to 12 minutes. The food thus packaged was prepared almost entirely by relatives and friends of the owner of the restaurant.

Demand increased rapidly, and the preparation of these packages was soon removed from the restaurant kitchen and made a separate operation. By 1937 it became apparent that much larger production facilities were required. Since tomatoes constituted a base product of the sauce for the popular "dinners," the management cast about for a new location which would be near (1) an adequate tomato-growing area and (2) a source of relatively low-cost labor.

2. The Business Expands

Laurelton, a community of some 8,000 people, situated in the mid-eastern section of Pennsylvania, promised many advantages from these two viewpoints. Within a 25-mile radius was one of the finest tomato-growing sections in the United States. The surrounding country was settled about 200 years ago, primarily by Pennsylvania Dutch. With the growth of population, the land could not occupy all members of the farm families, so that in time a pool of surplus labor was created that could be tapped for relatively low wages. Anthracite coal fields also are located within the area, and the women of the mining communities competed with those of the farms for jobs.

Many small home industries were founded within a radius of 50 miles of Laurelton, while large national manufacturers located branch plants in the area.

Today indeed there is scarcely a hamlet, village, or borough that does not contain some mill or factory producing for sales outlets outside the area.

In 1918, the Allegheny Silk Mills had built a large, modern plant in Laurelton. After generally prosperous operations the mill was hard-hit by the depression beginning in 1929 and eventually had to close its doors. Its building in Laurelton, which had cost almost a million dollars, passed into the hands of the creditors, and remained empty from 1931 to 1938, with a New York bank holding the mortgage. Accordingly when the Chicago owner of the "spaghetti dinners" was casting around for a building in which to operate his expanded business, this mill was offered to him at a very low price. In May, 1938, he purchased it on his own terms. The building lent itself effectively to the product demands of its new owner. He easily obtained contracts with farmers for the season's tomato planting, and hired some 250 people to process his materials. The minimum hourly wage rate for men was set at 35 cents, and for women at 30 cents, the maxima were 60 cents and 40 cents respectively. In 1941 the minimum hourly wage rates were 40 cents for men and 30 cents for women; the respective maxima were 65 cents and 40 cents.[1]

3. The War Years

Beginning in 1942 the business was rapidly expanded to meet the demands made upon it by the Federal Government. The new Italian food products that had been added to the company's "line" since 1938, such as canned spaghetti and meatballs, ravioli, minestrone soup, etc., were nearly all abandoned to meet the demand of the Federal Government for K Rations. Some production of "spaghetti dinners" for the civilian market, however, was continued.

The company now for the first time had to compete for labor as the work force increased more than tenfold. Turnover was high during the war years. In October, 1944, the demand for labor had become so sharp that the company chartered buses to bring in employees from a distance. Bus transportation was furnished free to such employees who came from towns as far distant as 60 miles.

When the operations had been transferred from Chicago to Laurelton, the owner brought along his whole "organization," chiefly relatives and friends, all of whom had been trained in the making of Italian foods. These people occupied the key positions. Accordingly the company had no real management organization. A former chief of police of Laurelton occupied the dual position of chief of plant police and employment manager. There were no systematic records and no job or rate structure. Relatives, friends, and acquaintances usually enjoyed a premium salary or wage rate.

4. The Union Enters

The Amalgamated Meat Cutters and Butcher Workmen of North America (AFL) made three attempts to organize the plant before they finally succeeded in August, 1945. Management, supported by the merchants in the community, strongly opposed the union.

An analysis of the employees at the time of the representation election that won the union certification gives interesting clues on their organizing methods. The Pennsylvania Dutch have always been known as rugged individualists.

The union organizer in 1945 did not concentrate on these "Dutch" employees but rather on the non-Dutch wives of the coal miners. These union-conscious people, with their vivid memories of long strikes and their aftermath in "hard times," became the active nucleus of the finally successful organizing campaign.

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[1] By the terms of the Fair Labor Standards Act of 1938, minimum wages had been established at the following levels:

(*a*) First year (*i.e.*, one year from 120 days after June 25, 1938): 25 cents an hour.
(*b*) Next six years (*i.e.*, October, 1938–October, 1945): 30 cents an hour.
(*c*) After seven years: 40 cents an hour.

The management of the company at the time was friendly in relations with employees. These close personal dealings buttressed their resistance to the entry of an "outside" union. Wages, however, were low throughout the plant. The supervisory force was mobilized against the union not only before but also after the election. By the time the union was certified, the local union leaders had become belligerent and militant organizers.

5. Negotiating the First Agreement

The National Labor Relations Board, in September, 1945, certified Local 00 of the Amalgamated as bargaining agent. On October 12, the parties convened to negotiate their first agreement. Management brought in a prominent local lawyer who had had no prior experience in labor relations. From October 12, 1945, to January 28, 1946, the parties bargained, "horse traded," and fought every inch of the way from Laurelton, Pennsylvania, to Chicago and return. The union, holding out for a union shop, time and time again threatened to strike. Its spokesmen, apparently, seemed ready to trade anything for the union shop. Management took full advantage of that fact, and wrung repeated large concessions from the union negotiators on almost every other issue as inducement for granting their central demand.

While this "tough" bargaining was in progress, National Food Specialties made overtures during the closing weeks of 1945 for purchase of the plant.

6. A New Management Takes Over

The founders of the business declared their willingness to sell. National Food Specialties, Inc., informed the owners that no transfer of the property would be considered until the agreement with the union had been signed. Not fearful themselves of the union shop, representatives of the national concern were instrumental in getting the local management to settle with the union on such a basis. However, the concessions already offered by the union remained. The final agreement accordingly represented from the union's viewpoint a "hard bargain." By its terms the conferees had settled—and this in January, 1946—for a horizontal wage increase of three cents an hour, retroactive to October 12, 1945, the opening date of the negotiations, the first increase the workers had received since 1941. The union also agreed to a job evaluation, to be undertaken by the company alone.

In February, 1946, about one month after this first agreement was signed, National Food Specialties, Inc., took over the Laurelton plant. One must have lived in a small community like Laurelton to realize the pervasive reaction of fear and uncertainty evoked in its people when the town's major industry changes hands. Transition from a loosely operated family concern to the expanded but tightly-knit organization that the new management wanted was a jolting change. The suspicious militancy of the union found fresh targets in the familiar bugbear of "remote ownership." Many in the community also viewed gloomily the "prospects" of absentee owners draining off profits at the expense of local people. Fortunately the usual fears of displacement with "tightened efficiency" were soon dispelled; demand was greater than the plant at Laurelton could meet with its established work force.

7. Administering the First Agreement

Administration of the 1946 Agreement became a sequence of sharp disputes over its terms. Grievances multiplied; grievance procedures produced few satisfactory settlements; wage dissatisfactions seethed; conflicts over coverage and intent of the Agreement took new forms with new policies; work stoppages grew into an established mode of protest. Neither party felt the Agreement was "working"; each, bristling at the other, felt sure it knew exactly why.

The first Agreement provided that local management and the union grievance

committee would meet regularly at least once each week to present and adjudicate grievances. No attempt was made to settle grievances in the shop at the time they arose. Instead all grievances were held until the weekly meeting on Friday afternoon. These meetings then apparently developed into "knock-down-and-drag-out" bouts. Management seldom felt it possessed adequate information to settle the complaints before it. Nothing would be done about the particular grievance; it was carried over to the next Friday meeting, when a few more were added, and so on and on, until each "old" grievance was lost in a web of "new" grievances —real and fancied.

As these protracted delays became customary, work stoppages made their appearance in departments where any long-fought grievance had originated. Soon the union was resorting to them to dramatize issues it *intended* to bring into the Friday conference. The union shop stewards, led by a militant chief shop steward, began to tell the supervisory force just what they could do and could not do "under the Agreement." As such small stoppages multiplied, they stalled production by tying up now this strategic sector, now that. Management went "in swinging." The union responded with a stronger and more effective swing. Emotionalism suffused the atmosphere of joint dealings.

During the first half of 1946, sales were unusually good. During these months the Laurelton press carried news stories of other industries granting wage increases of from 12 to 18½ cents per hour. The union chafed and fretted against the three-cent per hour increase they had received under the 1946 agreement. Finally its leaders told management they would be unable to hold their people in line unless the wage clause was opened for further negotiation. In July, 1946, the company increased rates six cents per hour. It was announced to the employees by management; the union was given no credit.

As the tomato harvesting season approached management determined that an additional 400 people would be required to process the tomatoes into puree, and then to can and store the puree. The 1946 agreement had excluded seasonal workers from coverage. As it hired these employees, the company offered wages six cents per hour below the minimum rate of the agreement. To the protest of the union, the company replied that seasonal workers were not included in the bargaining unit.

The resulting tension was heightened when the union saw management giving most of the overtime work of the harvest months to these seasonal workers. The regular workforce, members of the union, maintained that they could and should receive all available overtime they could handle before the seasonal employees were assigned any of it. Pressing this protest, the union contended that this development demonstrated why—even if they did not under the Agreement represent seasonal workers—they *did* have a stake in determining their minimum wage. As it was, management was using the seasonal workers' rate to undermine the contractual wage structure and cut the take-home pay of its members.

As the wage dispute dragged on, the union invoked the union shop clause of the Agreement. Under its terms a new employee had to become a union member 45 days from the date he was hired. The union contended that when a seasonal worker was transferred to a permanent job in the plant his employment must be deemed to have begun when the company first hired him as a seasonal worker, not (as management maintained) when he was placed on the regular payroll. The conflict over this issue generated ill feeling that was further exacerbated when the union sought to extend to probationary employees and seasonal workers transferred to permanent jobs the rate increase of July, 1946. Management denied the union's right to bargain for probationers or such seasonal workers during the first 45 days of "regular employment." Not until November, 1946, was this particular controversy settled, when a conciliator of the United States Conciliation Service affirmed the union's contention and granted the employees involved retroactive compensation at the higher rate.

Acrimonious discussion also focused upon the status of supervisors. The union held stubbornly that, since the supervisor had been a working foreman before the union was certified and had been excluded from the bargaining unit, he must now under the Agreement stop "working at the bench." The supervisors apparently found it hard to change their wonted ways. They were paid at a rate five cents above the highest rate of those they supervised. Early in October, 1946, the company put all supervisors upon weekly salary, at least drawing a definite line between hourly rated employees and supervision. But it did not change the foremen—many of them continued to work at the bench when they deemed proper, as before.

Against this background, Mr. Mitchell, in November, 1946, took up his duties. The immediate circumstances surrounding his entry into the situation reflected, he soon realized, all that had gone before. Production had reached a new peak. Yet work stoppages were frequent and stubborn. The international representative of the union was in town almost continuously. He had organized the union officials and shop stewards into a well-knit team. On each concrete issue, he took action directed, not toward promoting cooperative relations, but toward gaining a better-than-fair chance to win its possible arbitration.

After attending his first Friday grievance meeting, Mr. Mitchell met frequently with supervisors. He talked to them about grievances, what grievances could tell management, and why grievances were best settled immediately in the department in which they occurred. He frowned upon big agenda at the tempestuous Friday meetings; repeatedly he threw back to departmental supervisors the petty gripes and complaints, as well as "real grievances," that he insisted they must try to resolve themselves. It was not easy for these foremen to tackle individual grievances as they got them; but, as they made the effort, the union leaders responded well. The emotionalism surrounding adjustment proceedings began palpably to mellow; the union leaders slowly manifested better spirit and confidence in dealings with local supervisors.

Mr. Mitchell proposed to the union a series of meetings at which three of the divisional managers at the plant—the managers of production, maintenance, and warehousing—would appear before all the shop stewards. These conferences were held at union headquarters; as planned they led to an airing of gripes and "over-all" grievances that accomplished much in clearing the atmosphere.

At these various meetings Mr. Mitchell sought to lay sound foundations for the coming contract negotiations. He noted how insistently the union "harped upon" the significance of the "retroactive date" for wage increases, while management insisted this ambiguous contract clause embodied not a continuing, but a one-time adjustment in a "calendar-year" agreement. When the union on November 25, transmitted in writing, 37 days before the expiration of the Agreement on December 31, notice of intention to terminate, Mr. Mitchell felt that the work of the past few weeks had bettered the chances for smoother negotiating.

Preparing for the Negotiating Conferences

It was agreed by the parties that the first negotiating conference should be held on December 11, 1946. The union had submitted its draft of proposed contract revisions for 1947 with its notice to terminate the 1946 agreement. Mr. Mitchell addressed himself to those preliminary activities that he deemed important at this stage.

In making appointments to the negotiating committee for management, he choose men who would meet three requirements he deemed essential: (1) a representative from each division, so that questions raised by the union negotiators could be adequately handled; (2) representatives occupying positions high enough in the managerial hierarchy to lend dignity and status to the negotiating procedures; (3) representatives able to communicate to their respective departments a sense of wide participation in framing the revised agreement, so that administration of its eventual terms would be in the hands of men who would feel they had played an "effective part in writing them."

The management negotiating committee contained the following eight executives: the vice president in charge of production; the plant manager; the chief of the engineering and maintenance division; the chief of the warehousing division; the personnel manager; the administrative assistant to the personnel manager; the assistant to the manager of industrial relations; and Mr. Mitchell himself, who would act as chairman of management's negotiating committee.

Mr. Mitchell held preliminary meetings with the members of his committee to discuss "the technique of negotiation." He warned them that, no matter how difficult the circumstances in which the evolving discussions might place them, they should not reply even to the most unreasonable demand in a tense or emotional way. The first meeting, and indeed several thereafter, he pointed out, might well prove heated. The union's international representative, who was to act as chairman of the union negotiators, was a hard-bitten, old-line, able, and acute AFL craft unionist, and his very experiences in the 1946 negotiations at Laurelton probably would lead him to present exaggerated initial demands. Thus he would attempt some "blue-sky bargaining" to get eventually more than the union could rightfully expect by taking less than he had originally asked.

Believing that it was highly important for management to enter negotiations with clear knowledge of those on the other side of the table, he discussed the union's negotiators with his committee, to exchange ideas on the kind of person each of them was, his background, and attitudes in joint dealings. Thumbnail sketches of the union negotiators, as they emerged from these explorations, follow:

International Representative Thomas Wagner. About 45 years old, Wagner had grown up in the packing-house industry and has been an active unionist for a quarter of a century. Slightly hard of hearing, he uses this handicap to very good advantage when the occasion suggests. Highly skilled in his field, he can punch and parry with expert effectiveness; and he possesses

a rather rich and broad experience with the National Labor Relations Act, which he tends constantly to overplay. Whenever he can, he pretends to know more than he probably does of such legal aspects. He has without question negotiated many agreements, and so knows thoroughly the language of the shop and all the stock answers to management's typical thinking on shop issues.

President of the Local Frank Shultz. Age 36. At one time Shultz had been a supervisor, but he had been reduced to the ranks by what he called "a kick in the face" dispensed by an "arrogant and dumb" superior. He is the son of a union official at a locomotive works in the vicinity. This is his first venture, however, in unionism and he seems to know little about unions in general or union history and union philosophy. He was elected President of the Local because he was one of the chief local organizers and the "toughest guy" in the outfit. He has a leave of absence from the company and spends full time as President and Business Agent of Local Union 00.

Chief Shop Steward Edward Parsons. Age 37. The son of a railroad conductor, Parsons is a belligerent and militant union leader. He is smart and fearless, and has an unusual working knowledge of the entire plant and its production process. He also knows all the union and management people with whom he has to deal. Indeed he knows these two groups better than anyone else on either management's or the union's side. He has a nose for information that leads him into many so-called secret channels. Much of his thinking and philosophy seems directly traceable to his father's experience in the railroad brotherhoods with their rooted traditions of unionism.

Shop Steward 1. Age 60. A Pennsylvania Dutchman, he always wants to be "right" on issues, but is very, very contrary. He had not been associated, before the unionization of the Laurelton plant, with any union activities. Considered quite a rounder in his younger days, he hit the sawdust trail some 20 years ago and has tried to live up to his convictions ever since. When he has confidence in an individual, he gives him almost unquestioning "faith." An unusually good fighter, somewhat impetuous and emotional. He is a process worker.

Shop Steward 2. Age 45. A French Canadian by birth, he came to Laurelton via a job with a plumbing contractor. He married a local girl and settled in the community. Assigned as a plumber to the Engineering and Maintenance Division, he is the highest-rated wage earner in the bargaining unit. The man is unusually well-balanced, has the courage of his convictions, is decidedly fair, and should be a stabilizing influence in the union committee. He is known to possess an excellent sense of humor, which management should be able to tap when necessary to lighten charged atmosphere.

Shop Steward 3. Age 29. A process worker who enjoys the confidence of his fellow employees but never says much either in or out of meetings. While he may not add much to concrete negotiations, he can contribute in his very quiet way potent force as a stabilizer.

Shop Steward 4. Age 36. A meat-plant worker. (Nothing positive

was brought up about him; and the union in fact dropped him from its committee after the first meeting.)

Shop Steward 5. Age 47. Representing the Warehousing Division, it did not appear that this man, either, would contribute much weight to the committee. (It turned out that about the time of the fourth negotiation conference, this member of the union committee found himself in a rather embarrassing position because the union discovered a "leak" which the other members apparently traced to him. They accused him of talking indiscreetly about what took place in the negotiating meetings.)

Shop Stewardess and Secretary of Local 00. Age 28. Representing the women in the bargaining unit on the committee, this woman is generally considered an unusually fine type of person. She does her own thinking, never speaks out of turn, is decidedly fair, and has the respect of all who had dealings with her under the first agreement. She had done welding for a steel concern in this locality during the war, and thus has had prior exposure to unionism. She is not militant but gains her objectives by a mild form of insistence. She is a hard worker both for the company and the union.

With December 11 rapidly nearing, Mr. Mitchell completed his preparations by arranging the place of meeting. The 1946 agreement had been negotiated at the offices of the local Chamber of Commerce, adjacent to the office of the company lawyer. Mr. Mitchell looked them over; he found the meeting rooms dark and dingy, bare of all furnishings but the essential table and chairs, and even then imparting a sense of "crowdedness."

Consulting with the union leaders, Mr. Mitchell drew from them the suggestion that negotiations take place on company property if a meeting place could be made available.

Knowing that the office of the chairman of the board of the company was not in continuous use, Mr. Mitchell obtained it for the negotiations. The room was well-lighted, more or less isolated, and had good ventilation. It was planned to assign one end of the table to the three chief union negotiators and the other end to the three chief negotiators of management, with the "overflow" of both groups arranging themselves on either side.

Ten negotiating conferences were held between December 11, 1946, and January 30, 1947. After each meeting, Mr. Mitchell recorded his impressions of its "spirit" and the progress made toward the goal.

The negotiating committees were composed of the following:

For the Company	*For the Union*
Robert R. Mitchell, Manager of Industrial Relations and Chairman	Thomas Wagner, International Representative and Chairman
Adolph Hartmann, Assistant to Mr. Mitchell	Frank Shultz, President, Local 00
H. M. Ulrich, Vice President in Charge of Production	Edward Parsons, Chief Shop Steward
Charles S. Brooks, Plant Manager	Carl Yost, Assistant Chief Shop Steward
James Greenwood, Chief Engineer	Anatole Docette, Shop Steward
Richard Adams, Personnel Manager	George Page, Shop Steward
	Bernard Martin, Shop Steward

For the Company	*For the Union*
William Blenheim, Assistant Personnel Manager	Max Snyder, Shop Steward
Herbert Rogers, Jr., Manager, Warehousing Division	Catherine Lloyd, Shop Steward

An office stenographer took notes of the proceedings. The record did not furnish a verbatim transcript but focused on discussion and disposition of the issues. Excerpts from these minutes follow in the next few cases.

Discussion Questions

1. What would you say Mr. Mitchell was trying to accomplish toward his long-term objectives in addition to obtaining background information by his preliminary survey of plant relationships?

2. In what *structure of relationships* do management and union seem to be dealing together when Mr. Mitchell enters the situation?

3. List the factors which, in your opinion, account for the development of this structure of relationships shaping their dealings.

4. Trace the manifestations of the structure in the concrete bargaining processes of early dealings reviewed by Mr. Mitchell—negotiation of the first agreement, administration, grievance adjustment, union-management conference or consultation on shop problems arising under the first contract, and so forth.

5. List the continuing issues or differences which you would anticipate as possible "bones of contention" in the pending negotiations.

6. Review the measures Mr. Mitchell took in his effort to prepare for the pending negotiations. Did these measures contain potential influences for the underlying structure of relations; and, if so, what kind of influences and why?

7. Do you agree with Mr. Mitchell that foreknowledge of the personality traits and experience of negotiators on the other side of the bargaining table constitutes needed equipment for a bargaining representative? Why? If you were a member of the management committee, how would you plan to utilize some of the personality data indicated in the "thumbnail sketches"?

8. Evaluate the influence of the plant community of Laurelton, the ethnic factors, economic conditions, and the history of the company upon joint relationships up to the beginning of negotiation of the second agreement.

NATIONAL FOOD SPECIALTIES (B)

THE FIRST SESSION: STEERING PAST A ROUGH LAUNCHING

[Meeting opened on Wednesday, December 11, 1946, at 2:15 P.M.]

Mitchell (m): What procedure do you want to follow?

Wagner (u): We should set up the procedure as to what time we will start these meetings and end them.

Mitchell (m): We could have tentative arrangements sav every other day from 2:00 P.M. to 5:00 P.M. For this afternoon's meeting I would suggest that you go over your proposal, and we will hear you all the way through. You want to change the 1946 agreement so we are entitled to know why you want those changes.

Wagner (u): Because the now existing agreement had so many misinterpretations is the reason we want the changes.

Mitchell (m): But if you won't agree to read your proposal for a revised agreement clause by clause and give us your reasons for the changes, then our answer is "No." Where will we be?

Wagner (u): If you have not had time to study the proposal, we can adjourn and let you do that.

Mitchell (m): We've read it all right. But the answer is "No" to all of it.

Wagner (u): Then the next move is for you to submit your counterproposal to us.

Mitchell (m): We will have it prepared and submitted to you Friday. We will meet again next Tuesday at 2:00 P.M. Are you willing to talk about certain sections in this proposal of yours so we can get your thinking?

Wagner (u): Yes.

Mitchell (m): For instance, your proposal for a joint job evaluation setup is agreeable to us.

Wagner (u): New employees are put on jobs. The rates submitted to us are not the true rates. Certainly there is something wrong. Why did this man have 5 cents per hour more than the other man? I think the fellow who surveyed the jobs did not do a good job.

Ulrich (m): The point you raise is right. What we want to know is the "How?" of the questions you raise.

Mitchell (m): Let's look at that proposal of yours. It's Article VII on page 3 of your draft [reading]:

> All present Rate Schedules and Job Classifications shall be revised and a clear description shall be made by a joint committee which shall consist of not more than eight (8) people, four (4) from the union, and four (4) from the company. Any job evaluation sheets and consequent job grades and job grade rates which are agreed upon by this committee shall thereby be established for the life of the contract.

We are willing to proceed on that basis now—I mean, to set up that committee as soon as we can in order to determine what these classifications are. The company is willing to go into it sincerely, honestly, and wholeheartedly. Now, if your four people and our four people disagree as to a job rating, how will we find the answer?

Wagner (u): By a third party, Department of Labor and Industry.

Ulrich (m): What we will arrive at is point values showing the relation between each and every job.

Wagner (u): That is right.

Ulrich (m): When we agree on all of the factors involved in setting up this point system, then the only differences that we can expect are such questions

as does the job require one or two years, etc. About 99% of our differences will be dissolved between the union committee and management committee. Then for those differences that remain a third party should come in and help iron out the differences.

Wagner (u): Many common labor jobs require no physical effort, and according to these classifications all female employees are classified as common laborers. But there are certain semiskilled jobs that women are performing. Setting up accurate job classifications is the only way to keep these grievances from coming up.

Ulrich (m): There are many factors that enter into it. We are not in disagreement on that.

Mitchell (m): That job rating scheme then is one of the ideas in your proposal on which we can get into action right now.

Wagner (u): Would you like to have the names of our committee today?

Mitchell (m): We would like to have them today, or if not today, then tomorrow.

Wagner (u): I will have those names before the close of this meeting. In all sincerity I would like to say that one of the management men present at last year's meetings, Mr. Torrensi, said that there would be no cut in take-home pay. He very much emphasized that; but throughout the year of 1946 I followed many of the employees, and on the average they had 261 hours less than last year. Even with the 9 cent increase that the company gave, the employees this year are going to wind up with wages just as bad as the year 1945, while there is the increased cost of living and a 69-cent purchasing power in the dollar. When we asked for a general increase of 30 cents for 1947, I don't think we asked for enough. We accepted the 2-cent or 3-cent increase in the 1946 negotiations. This year it will absolutely have to be in dollars and cents, not promises.

Mitchell (m): The food industry is competitive. This management wants to pay a fair and reasonable wage and have stable employment. It is not a question of 30 cents or 10 cents an hour. It is a question of how much the company can stand.

Wagner (u): Here is the reason for the wage demand. You take the yearly earnings for 1945. They averaged $1,961.79.

Mitchell (m): Was the company then working for the U.S. Government on war contracts?

Wagner (u): I realize it was operated for the government. But Mr. Torrensi assured this committee there would be no cut in take-home pay. Then, when I get to the close of this year, I find the 261 hours' less work, with only a 9-cent increase; there is something wrong.

Mitchell (m): It is not the intention of this company to exploit labor in any way. We got down to a basis of examining where we are now and where we are going, trying to find what is a fair and reasonable wage rate in terms of competition. That is the fairest way for the long pull.

Ulrich (m): One of the statements that came out very strongly in last year's meetings was that we did not know what kind of a bear we had by

the tail. We have not spent one penny on advertising, because of the uncertainties. Mr. Torrensi made a study of our products and was sincere in his promise. What was once definitely a big seller is not now a world beater. I don't know if the competition now is cutting it out or if it is just not drawing preference. I don't think we should say he was insincere on that.

Wagner (u): Back in February, when the hours started being dropped three hours, Mr. Torrensi was still connected with the company and should have called a meeting with the union. He should have told us about the cut in hours and arrived at a solution and not let it drag on.

Mitchell (m): Would the old company at any time on commercial products produce the same volume as the new management now?

Ulrich (m): The answer is no by approximately three times. During the war the volume went up tremendously on Army goods. Immediately after the war we began to increase our civilian products just as fast as we could. We are not going to do the volume we did in 1944, but in civilian products we will do more than in prewar.

Wagner (u): Last September 12 [1945] we submitted our proposal. Then after about three weeks, the proposed agreement was read. Certain parts were tentatively agreed to. Then the company's proposal, or counter-proposal, was read; and from there on out we tore the agreements apart and built up from there. If the company has a proposal we would be in a better position to negotiate.

Mitchell (m): We will have ours by Friday. Do you suggest that we adjourn and we come together next Tuesday at 2:00 P.M.?

Wagner (u): Yes, then I will make arrangements to be here from Tuesday on, to meet whenever suitable to the company.

[Meeting adjourned at 3:15 P.M.]

The joint job evaluation committee, which was agreed upon between the company and the union, is as follows: for the union, Carl Yost, Edward Parsons, Catherine Lloyd, Anatole Docette; for the company, Richard Adams, L. T. Oliver, Oscar Weinblut, Ford VanElde. Mr. Adams will act as chairman of the committee.

Mr. Mitchell's comments on this first session may be briefly summarized from his notes:

As anticipated we were launched by a very rugged meeting. These summary minutes do not convey the atmosphere—the stilted exchanges and the attitudes of the parties, particularly the union negotiators. Of course Wagner and I were the only experienced negotiators present, and I felt from the way Wagner started he was set for some very tough window dressing. He's an adroit fellow; and I met his opening by opening with some pretty fancy, tough window dressing of my own for our side. It almost looked as if we'd crack wide open at the very first meeting as we sparred for yes or no answers.

But we made a detour, and got an open edge by concentrating on one thing we had decided we could agree to among the union's demands. It didn't stop Wagner from giving us some bristling warnings and raking up a lot of accumulated "mads." But I feel we took away even from this Session 1 a valuable symbol of good intention—our "first wagon" to which both union and management can hitch their horses, and head in the same direction at the same time. We'll see.

Discussion Questions

1. Evaluate the effort to begin the negotiations by review of the union proposals; and evaluate the union's response.

2. Interpret Wagner's pronouncements on the wage issue as a reflection of past relationships and as an index of potentialities for the current negotiations.

3. What became Mitchell's tool for the effort to break through the residual hostilities and head the parties toward smoother negotiating?

4. Would you agree or disagree with the particular measure he chose for this purpose? Give your reasons.

NATIONAL FOOD SPECIALTIES (C)

THE SECOND SESSION: COVERAGE, RECOGNITION, AND HOURS OF WORK

[The meeting opened on December 17, 1946, at 2:10 P.M.]

Mitchell (m): Do you want a report on the union proposal concerning job evaluation? We accepted and agreed to set up that committee of union and management. Do you want to hear a report on what they have done?

Wagner (u): The committee appointed is in full charge, and whatever they do is all right with me.

Mitchell (m): How do you want to proceed?

Wagner (u): Well, I got your proposal for a new agreement last evening and I read it over last night and today. I don't know what procedure you follow. Do you want to take your proposal?

Mitchell (m): We would rather discuss yours and ours together, based upon the present agreement. It is easier to follow that way. We could keep account of what we do a little better that way.

Wagner (u): I am willing to take either yours or ours and, by article and paragraph, say whether it is acceptable or not. It makes no difference to me if we take the union's or the company's proposal.

Mitchell (m): As I stated, we must have some place to start. If we start with yours, we have the one extreme end and if we take ours, we have the other extreme end. It seems if we start with the 1946 agreement we can make better and more understanding headway. It seems to me that in yours you did not follow the 1946 agreement at all.

Wagner (u): There were so many things in this present agreement that are contrary to our International. I would sooner set aside the 1946 agreement and start on either yours or ours. I don't think we are that far apart on yours or ours.

Mitchell (m): Well, then, if you have no objections, we will start with ours and tie yours in.

Wagner (u): That's fine. Do you want me to do the reading? [At this point Mr. Wagner read the clauses on "Parties to the Agreement" and "Purpose of the Agreement," giving the union's approval to the company's versions.]

Wagner (u) [looking up from text]: Now: *Article 2—Union Recognition.* When this article was drafted last year, I don't know why the language wasn't used as given by the NLRB Certification. Do you have an objection to the way we've incorporated it in our draft? [Mr. Wagner read the union draft of *Article II, Union Recognition and Coverage* in their proposed agreement.]

A. In accordance with the results of the election held by the National Labor Relations Board on August 24, 1945, the Company shall recognize the Union as the exclusive representatives of its Laurelton, Pennsylvania, employees for the purpose of collective bargaining with respect to rates of pay, wages, hours of employment and other conditions of employment.

B. The term "employee" as used in this contract, shall include all production and maintenance employees, including foremen and foreladies, watchmen, and local truck drivers employed by Foods Italienne, Inc., at its Laurelton, Pennsylvania, plants, and excluding office clerical employees, timekeepers, nurses, guards, over-the-road truck drivers, chief engineer, and all other supervisory employees with authority to hire, discharge, promote, discipline or otherwise effect changes in the status of employees or effectively recommend such action.

C. The term "Regular Employee" refers only to the employees in the bargaining unit as defined above, and shall be understood to mean a full-time employee who has been retained after serving his or her fifteen (15) days' probationary period.

D. Any employee who has not worked for fifteen (15) days shall not be considered a "Regular Employee."

Mitchell (m): The only difference is we have made a few changes in it.

Wagner (u): You have sneaked in a few extra phrases. Listen to this [reading from the company's draft of agreement]:

ARTICLE 2—UNION RECOGNITION

A. The company recognizes the union as the sole collective bargaining agency with respect to rates of pay, wages, hours of work, and other conditions of employment for all of its production and maintenance employees, including local truck drivers employed by Foods Italienne, Inc., at its Laurelton, Pennsylvania, plants, and excluding seasonal employees, clerical employees, field contact men, timekeepers, nurses, guards, over-the-road truck drivers, Quality Control and other technical employees, foremen, foreladies, and all other supervisory employees with authority to hire, discharge, promote, discipline, or otherwise effect changes in the status of employees or effectively recommend such action. The term "employee" as used in this agreement refers only to the employees in the bargaining unit as defined above.

B. The company agrees not to interfere with the right of its employees to become members of the union, and that it will not discriminate against any employees because of such membership. The union agrees that it will not engage in any act of intimidation or coercion of the company's employees in order to secure membership in the union, and agrees that no solicitation for membership or other union activities, except as permitted by law and otherwise provided herein, will be conducted on company time or property.

Wagner (u): You sneaked in some more groups in the exclusions.

Mitchell (m): No, we did not sneak anything into it. Why are you proposing that repetition of recorded fact in your Section A?

Wagner (u): Refer back to the date of our certification. We were certified by the NLRB as the bargaining unit.

Mitchell (m): The union was certified by the NLRB August 24, 1945. That is always a matter of record. It does not have to be in our agreement.

Wagner (u): It gives a recognition and coverage. There were certain people who were excluded in your 1946 agreement that should have been in this coverage.

Mitchell (m): I assume that both parties agreed to the exclusions and the inclusions. Do you have a copy of the certification?

Wagner (u): Yes, I have a copy.

Case No. o–X–oooo, Agreement for Consent Election, payroll period ending July 28, 1945. All production and maintenance employees, including working foremen and working foreladies, watchmen, and local truck drivers employed by the Foods Italienne, Inc., at its Laurelton, Pennsylvania, plants, and excluding office clerical employees, timekeepers, nurses, guards, over-the-road truck drivers, chief engineer, and all other supervisory employees with authority to hire, discharge, promote, discipline or otherwise effectively recommend such action.

Mitchell (m): So far that follows what we had in the 1946 agreement.

Wagner (u): No, it does not. Excluded in your 1946 agreement were working foremen and foreladies and I notice in the company's proposal you put in Quality Control and the technical employees to be excluded. That I won't agree to.

Mitchell (m): You have done that already. We are merely confirming what we already have done.

Wagner (u): We did agree to Quality Control but what about technical employees? I don't know what you mean by "technical employees."

Ulrich (m): Here is one case. Bert Rogers is chief of Warehousing. One of his responsibilities is to accept incoming merchandise only in usable condition. Quality Control enters the picture in that they have inspectors to report on that to management so we can see what condition our goods are in. Now, Quality Control could take a man and put him through elementary courses in bacteriology, spoilage of foods, and drug relations on handling food. Let's say the Technical Inspection school. I would think that a man who is employed as a technical inspector would not come under the bargaining unit.

Wagner (u): Can we agree to accept the certification by the board with the exception of this Quality Control? I still will not agree to exclude "technical employees" as a category.

Ulrich (m): Can we define a technical employee to be one who has received special training at the expense of the company to perform a function of management? Suppose an employee takes a course in Quality Control and develops in three or four months into a person we place in a position to accept or reject foods. He is to my thinking a technical employee.

Wagner (u): I am willing to insert the board's certification plus Quality Control; but I am not willing to insert the wording about technical employees.

Ulrich (m): Would you agree to technical salaried employees?

Wagner (u): Let's leave it out altogether. Now as to foremen: you changed the status of the foremen and foreladies about four months ago and

put them on salary. That is when the union started kicking and said salaried foremen were not going to work at the bench.

Mitchell (m): That is one of the things we want to get in the open. That is one of the things on which we are definite; that is that all foremen and foreladies be excluded from the bargaining unit.

Wagner (u): That is something the individual has something to say about. Maybe your foremen and foreladies asked me to join the union.

Mitchell (m): Then we would take it to the NLRB for a consent election. The individual has nothing to do with it. The NLRB certified the groups to be excluded, and these people were specifically excluded. We would be willing to take out technical employees.

Wagner (u): Would you be willing to include foremen and foreladies?

Mitchell (m): No, so where do we go from here?

Wagner (u): No place. We only want what was stated by the NLRB.

Mitchell (m): On your interpretation? Your version omits the word "working" before "foremen" that's in the certification. Our foremen now are salaried supervisors. We cannot agree to an organization in which the supervisors are a part of the bargaining unit. Supervisors cannot work for two masters. They certainly cannot pay tribute to you and give loyalty to management at the same time.

Wagner (u): May I ask what you are willing to go along on in Union Recognition and Coverage?

Mitchell (m): Under Article 2 in our version we think we are fair. If we also strike out technical employees, it gives you everything you have right now.

Wagner (u): Are you willing to exclude technical employees?

Mitchell (m): Yes. It may look like a "sleeper" but it was not intended as such in any sense of the word. [The company representatives left the room at 3:00 P.M. for five minutes to permit the union to discuss the company's proposal.]

Wagner (u): Throughout this 1946 agreement we had many disputes on seasonal employees. Would the company be willing to include seasonal employees and exclude the so-called foremen and foreladies?

Mitchell (m): No, we would not.

Wagner (u): You want to exclude seasonal employees from the bargaining unit. When are you going to use such seasonal employees?

Ulrich (m): Let me make a good guess. I know our need, fundamentally, for seasonal employees is during the tomato season. It would be advisable probably to start collecting a crew for clean-up work 10 days before the season.

Wagner (u): Let's say seasonal employees from July 1 to October 31. Charge them 50¢ per week the same as your regular employees pay $2.00 per month.

[The company representatives left the room at 3:20 P.M. to discuss the union's proposal.]

Ulrich (m): We still feel this question should be settled with seasonal

employees excluded. We feel we can go along in limiting the period of seasonal workers; that we have all seasonal employees working on tomatoes only and not in any plant operations.

Shultz (u): We are right back where we started from.

Mitchell (m): No, we are not. We have defined the seasonal worker as one employed only from July 1 to October 31.

Wagner (u): Why should these people come in here and have full benefits we won, and leave without paying one cent to the union?

Mitchell (m): The point is you have not bargained for those people.

Wagner (u): The union is taking the position that we are going to abide by the NLRB Recognition and Coverage.

Mitchell (m): O.K. Let's pass it for the present.

Wagner (u): O.K. The next is *Article 3—Union Membership.* I guess Articles III and IV in our proposal cover the subjects in your Article. There are some important differences; maybe I'd better read them both. In our draft, union membership would be covered this way [reads].

[Both union and the company versions of these provisions covering "Union Membership," which Mr. Wagner now read, agreed in accepting a union shop under which continued employment required union membership upon a certain interval after hiring. The union and the company proposals differed in the following particulars:

(1) The union's draft set the probationary period for new employees, after which they must join the union if retained in the company's employ, at 15 days; the company's draft, at 45 days.

(2) The union made loss of "good standing" under its bylaws a cause for discharge; the company accepted this basic relationship but with two qualifications: (*a*) any refusal to accept new employees to union membership could be questioned by the company, with reference to the grievance procedures if necessary; and (*b*) after admission, such employees would not be subject to any fines, penalties, or financial contributions not general for the whole membership.

(3) Finally, the union's draft contained two provisions not in the company's version: (*a*) a checkoff of initiation fees, dues, fines, and assessments; and (*b*) the requirement that no seasonal employees be hired between July 1 and October 31—the tomato harvest season—without work permits secured from the union.]

Wagner (u) [looking up from text]: Now, in the union's proposal we ask for 15 days' probationary period; you keep it 45. I don't know why that 3B [*i.e.,* guaranteeing employees equal union membership] is in your Article. It should not have been put in. Nor should that second paragraph under A be in [company's right to question the union's refusal to accept employees to union membership].

Mitchell (m): We had many grievances during the probationary period. Many hard feelings were created when the probationary employees were approached in the wrong way and asked to join the union. We have set up a program whereby we do the policing for you, so that the solicitation on the

part of the union is not necessary. We think that will work out very well.

Wagner (u): It should not be in there.

Mitchell (m): Well, that is not a difference we cannot bridge.

Wagner (u): The same on probationary period—it should be 15 days instead of 45 days.

Mitchell (m): This company must have (1) good selection and placement of employees, (2) good administration, and (3) the union and the company living together. We must have time enough to find out what the employee can do and what kind of an employee he will make. We must have 45 days to find that out. Why do you want 45 days changed to 15 days?

Yost (u): We think 45 days is too long.

Mitchell (m): That is not an answer. We gave you our reasons for the 45-day period. You should give a reason for 15. We want to be fair to the employees coming in here. We should have 45 days in order to give the employees a fair chance to see whether or not we have done a good job in selection and placement.

Wagner (u): Can we agree or can't we agree on 15 days?

Mitchell (m): No.

Wagner (u): Take that 3B of your Article. We go by a set of bylaws. Such provisions about equal financial contributions and penalties, and so forth, do not belong in there.

Mitchell (m): It is exactly like the 1946 Agreement. How did it get in there?

Wagner (u): We certainly have a right to decide by our constitution whom we accept as members. We must abide by our constitution, and only on those grounds could we discharge a person from the union.

Mitchell (m): All right; let's strike out that paragraph. How about the second paragraph of Section B of Article 3 [maintenance of membership in good standing as a condition of employment]?

Wagner (u): Yes, that I agree to. Next we have Article 4, *Hours of Work and Working Conditions.* (This is Article 5 in our draft.) They are long articles, especially in your draft; but I guess we'll have a lot of discussion on them before we're done, so I'd better read them together. Here's what we propose [reads].

[Both versions, which Mr. Wagner now read, agreed in (1) making the normal workday and work week 8 hours and 40 hours, respectively; (2) paying premium rates of time and one-half for work in excess of either; (3) granting 15-minute rest periods after every three hours of work; and (4) guaranteeing a lunch period at least after 5 hours' work. As for the differences between them:

(1) The union's version made the regular work week Monday through Friday, and provided overtime rates for work on Saturday as such and Sunday as such, while the company's made the work week a continuous one from Monday through Sunday with overtime on the sixth and seventh days but undertook to restrict continuous or out-of-schedule work to emergency or special-needs situations.

(2) The union's proposals included guarantees of 40 hours' work or pay a week, 8 hours' work or pay at an employee's regular rate on every day he reported for work, and no pay deductions for time losses due to holidays, lack of work, waiting time, etc.

(3) In contrast, the company's proposals were directed to pervasive, flexible adjustments of work schedule, as, for instance, (*a*) the FLSA right to work 55 hours a week for 14 weeks a year without overtime pay; (*b*) the right to change regular schedules upon proper notification to the union; (*c*) 4 hours' call-in time; (*d*) the spelling out of excusable absences which would not impair an employee's title to premium rates for work on the sixth and seventh day of his scheduled work week.]

Wagner (u): Now you tell us: What is the matter with our article on hours of work?

Mitchell (m): You departed from what we have been doing to such an extent that you have just wiped out the 1946 agreement on hours of work and working conditions. In other words, you propose paying Saturday as such, paying holidays as such; and, regardless of conditions or emergencies, you would nail us down to clauses under which we can't in any way, shape, or form set up working schedules except as Monday through Friday—and this, in the food industry!

Wagner (u): In some departments employees are told to come out at 5:00 A.M. If they do come out at that time they should be compensated for it.

Mitchell (m): If anyone comes out before the scheduled working time, they get paid time and one-half. That is provided for in our proposed agreement to you.

Wagner (u): I will agree each department nas its own starting time. How about work on Saturdays being paid time and one-half?

Mitchell (m): We have gone farther than some industries in having holidays counted as the sixth day. Your proposals would encourage absenteeism.

Wagner (u): As for absenteeism, I am willing to insert that those being absent without just cause cannot come in for that extra pay.

Mitchell (m): We have covered that in Sections K and L of our proposal [the enumerated causes for "justifiable absences"].

Wagner (u): We don't accept your proposal at all.

Mitchell (m): That puts us even to the board. We say no to yours. Looking ahead at your next Article, you also want double time for holidays worked and straight time for holidays not worked, don't you? [1]

Wagner (u): That is right. Well, you reject ours and we reject yours. Let's go to Wages, and come back to this again later.

Mitchell (m): We are not in a position to discuss wages at this time. We would rather go on over the rest of the agreement first. You want a

[1] Both versions enumerated specific holidays: the company's, six; the union's, adding Armistice Day to New Year's, Memorial Day, Fourth of July, Labor Day, Thanksgiving, and Christmas, seven. The company's proposal stipulated payment of time and one-half for work done on the contractual holidays.

guaranteed 40-hour week, paid holidays, a 30-cent raise, night bonus of 10 cents, double time for Sundays and time and one-half paid on Saturdays as such. All this makes your demand about a 75-cent raise, doesn't it?

Wagner (u): No, it does not. But if I come in here to work eight hours I should be paid for it.

Mitchell (m): You are asking for 52 weeks per year at 40 hours per week. This is a young company. Do you have it with Heinz—do they have a guaranteed annual wage?

Wagner (u): No, they don't.

Mitchell (m): There is not another company in the country that has gone as far with the union in its first year as this company has.

Wagner (u): The "Big Four" guarantee a 36-hour week. You did not give us even a counterproposal.

Mitchell (m): We are not going to give you a counterproposal on this. You are doing some blue-sky bargaining and you know it. What you want us to do is a lot of horse trading. Do you think we should adjourn until tomorrow?

Wagner (u): It doesn't make any difference to me if we continue right on. I want to say in all sincerity that, on all these things we are asking, I would like to have a concrete counterproposal from the company.

Mitchell (m): You have our proposal—our draft of an agreement—all except wages. That is a concrete proposal; it cannot be made any more concrete than that. We are bargaining from the 1946 labor agreement and not from the ceiling, from which you are trying to suspend us. . . .

[Meeting adjourned at 5:00 P.M.]

Mr. Mitchell's notes on this second negotiating conference contained the following comments:

> The Joint Job Evaluation Committee has been meeting and launched their deliberations very amicably. We also got several promising indices of changing attitudes on the part of the union in this second contract session. I noted them from the very start of the meeting, and felt a mellowing spirit right through the proceedings. Nonetheless, Wagner is still trying some blue-sky bargaining—on coverage, hours of work, wages, holidays, etc. I pointed out to the management group how skillfully Wagner was trying to set up "trading horses"—claiming things the union never had had, to trade off later to management as price for better consideration on items on which the parties may be expected to do some eventual compromising. I detailed to them the specific trading horses Wagner had introduced into this session, so that they might watch for this familiar trick in our subsequent meetings.

Discussion Questions

1. What would you designate in the record of this session as the "promising indices of changing attitudes . . . and a mellowing spirit" to which Mitchell refers?

2. Why, in your opinion, does Mitchell open this session with a proposal to review the work of the Joint Job Evaluation Committee thus far? How would you interpret Wagner's response to the suggestion?

3. Compare the exchange between Mitchell and Wagner on how to proceed with the complete proposals and counterproposals in this session with that in the opening session. Can you suggest any possible explanations for the differences?

4. Compare the clauses suggested by the company and the union regarding "Union Recognition and Coverage" (Article II) with coverage accorded the union by the NLRB certification, noting the categories added or excluded by each party. Can you identify in the union draft and in the discussion that follows a possible "trading horse" that the union is trying to set up? Evaluate the problems faced by each side in the issues pertaining to seasonal employees and the suggestions for their contract coverage.

5. Based upon the exchanges in this session regarding "union membership," support your opinion on whether, under present-day collective bargaining, internal union provisions governing membership are a valid concern of management.

6. Analyze the differences in the respective drafts on "Hours of Work" in terms of the relation of these provisions to (*a*) conditions of production, (*b*) government regulations embodied in the Fair Labor Standards Act, (*c*) possible "trading horses" the union may here also be trying to set up.

7. Evaluate the strategy of timing wage proposals from the viewpoint of management and union in this contract negotiation.

NATIONAL FOOD SPECIALTIES (D)

THE THIRD SESSION: PROGRESS—AND CRISIS

[The meeting opened on December 18, 1946, at 2 P.M.]

Mitchell (m): Let's go back to Article 2 of our agreement. We are willing, on the basis of our discussion on coverage, to take "technical employees" from the excluded categories. As to Article 3, Union Membership, you feel that we are interfering with your constitution in our provision for open membership to all employees; so we are omitting it. Now let's go to Article 8 on Seniority. Has it worked all right during the year 1946?

Wagner (u): We don't accept your proposal at all. It is too complicated. Just compare it with ours and you'll see what I mean.

[In the company's drafts of the new agreement, seniority was covered by Article 8; in the union's, by Article XIV. Both established straight seniority, save that in some of the sections spelling out specific applications the company included the proviso that the "senior employee" must be "able to perform the work satisfactorily" for procuring the stated seniority right. Moreover, the company's version included a special section (its paragraph L) giving management the right to hire, retain, transfer, and recall after layoff, men of special training or exceptional ability, regardless of their place on the seniority roster, up to 2% of the total work force and not less than one in any job classification.

As for other aspects of seniority, the two versions exhibited the following differences:

(1) Seniority (defined as length of an employee's continuous service) was applied on two bases in the company's version—company seniority and job-classification seniority—and on only one—departmental seniority—in the union's version; the union, however, also sought separate seniority lists for men and women employees.

(2) The company's proposals recognized seniority chiefly in making layoffs and spelled out in considerable detail the order of layoff and recall via the seniority rosters from probationary employees up and down, within and across, job classifications to company seniority. Its proposals also differentiated between layoffs of less than one month, designated as temporary, and over one month. For the rest, promotions were affirmed a prerogative of management, which pledged itself, however, to accord company seniority "important consideration"; and management also sought the right to use any employee at its discretion in any classification or occupation paid at his regular rate.

(3) In contrast, the union sought application of departmental seniority, not only to layoffs, but also to promotions, replacements in vacancies enjoying a "higher rate of pay," and advancement to position of leadman, subforeman, foreman.

(4) The recurrent difference regarding the length of probationary employment was repeated in the seniority article—the company seeking 45 days; the union, 15.

(5) The company also spelled out in considerable detail the breaks in continuous service that should end seniority rights, such as justifiable discharge, voluntary quits, absences of defined duration, failure to return to work after notification, etc.

(6) Finally, the company made special provision for veterans' seniority rights, and for retention of seniority by men appointed to supervisory positions, while both versions accorded a maximum of 50 union representatives top seniority on occasions of layoffs.]

Adams (m): Did we have very much trouble in May when we had to lay off about 200 employees?

Shultz (u): No, not that I know of.

Wagner (u): In Section F—that fourth sentence: "A probationary or seasonal worker laid off for more than one month shall, if rehired, be regarded as a new worker." How did that get in there?

Mitchell (m): As answer to problems which arose when probationary employees were laid off and, on recall, raised the question whether the time they spent with the company counted as probationary days worked. If they were laid off for more than one month, they would be regarded as new employees; but if they were laid off for less than a month, then they would have that previous probationary period to their credit and counted toward their 45 days. It is a question of drawing the line somewhere.

Wagner (u): Why should the probationary people come back and start all over again? You don't want a 45-day probationary period; you want a

12-month period. The way that article is worded, (1) the probationary employees could work a whole year without having seniority, (2) this could lead to evasion of the vacation period. Many things enter into it. I am not saying that you are going to do them; but if not, why put it in the agreement?

Adams (m): By what length of layoff would you go along on drawing the line?

Wagner (u): Anytime within the contract year.

Mitchell (m): A man was hired December 2, 1946, and worked 10 days and was laid off. Let's say 60 days from now we will be able to call him back. Will he have served his probationary period?

Wagner (u): His status with the company is 10 days.

Adams (m): The sentence was really put in there to help the Personnel Division keep their records.

Wagner (u): You asked for a 45-day probationary period and we are ready to agree to that, though it's three times longer than what we asked. The disposition of the employee is in your hands until the 46th day. All we ask is that if the employee is retained after the 45th day he shall become a member of the union.

Mitchell (m): I think we can accept that. How about the rest? They are largely the present seniority rules and we seem to be living with them in good shape.

Wagner (u): I don't think so. I have had many complaints on them. Male and female classifications should be set up separately. Then you give seniority one way, and in the next paragraph you take it away. For instance, the union does not have a thing to say about promotions. I certainly think those older employees, if capable, should have the promotions and it should be decided jointly between the union and management.

Ulrich (m): How would you have seniority company-wide? Would that mean that every lead job would have to be filled by the older people?

Wagner (u): No, it would have to be departmental seniority.

Adams (m): On departmental seniority—take those of our department that have various classes of machine operators. Would you have several classifications within the department?

Wagner (u): I would advise we set aside this Article 8—seniority, for further study, agreeing that seniority shall be determined by length of service with the company. Right?

Mitchell (m): We would like a recess of about 10 minutes.

[The company representatives recessed from 3:15 P.M. to 3:30 P.M.]

Mitchell (m): We talked about the points raised on this seniority. We would like to follow your suggestion and review it. Why don't you draw up a fuller draft of the kind of provision you could live with and let us see it? Then we could incorporate some of your draft and some of ours and submit a new article.

Wagner (u): I don't think we will be in disagreement if we go at it that way. Now we can go on to the next article—on vacations.

[Mr. Wagner read only the company's proposals. They granted one

week's (40 hours') vacation at the employee's regular hourly rate after one year's continuous service of not less than 1,600 hours' work; one and one-half weeks' (60 hours') vacation after three years, each with the same minimum of 1,600 hours; and, similarly, two weeks' (80 hours') vacation after five such years of continuous service. Vacation pay was at the employee's regular hourly rate. The service year began on March 1 of the year preceding the current vacation period, which was set between April 1 and July 15, or October 15 and December 31. In case of emergency, management could request needed employees to accept vacation pay but remain at work. No cumulation of vacation rights from year to year was permitted.]

Mitchell (m): The only changes over the 1946 Agreement were to begin the year earlier—to move up from May 1 to March 1.

Wagner (u): You make no provision for layoff, sickness, leaves, etc. You should allow as time worked up to 50 days of each calendar year for acceptable absences. We put that in our proposal, as you probably saw. You should have a time limit on it.

Mitchell (m): How about cases of pregnancy with the allowance of 180 days' leave of absence in your proposal?

Wagner (u): If you grant a leave of absence don't you recognize that as length of service with the company?

Adams (m): They don't lose their seniority.

Parsons (u): If they don't lose their seniority, why should they lose their vacation?

Mitchell (m): Are we doing as well as any competitor on the matter of vacations?

Wagner (u): Not on the basis of the 40 hours for one year and 60 hours for three and four years. There is only 20 hours difference in vacation time after you put four years in the company. You want to cut absenteeism down. Have your vacations based on average yearly earnings.

Mitchell (m): I am not in agreement with what you say there. This company is still very young to know just what kind of a market it is going to find. We are not stabilized. We don't know where our market is. But we will rewrite this vacation article and the seniority article to meet some of your suggestions. We can begin on these at our next meeting.

[The meeting adjourned at 4:30 P.M.]

Mr. Mitchell's comments on this third session follow:

It seemed to me that discussions are taking on a more settled tone with signs of increasing mutual acceptance. I used the seniority revisions of our draft and that of the union as a means of reinforcing this newly developing change in attitude. We said to the union in substance, "O.K., you write the seniority clause as you want it and think you can live with it. If you can live with it, we can."

I thought I could notice a good effect even in the vacation discussion we opened after that. The discussions were factual; it looks as if the union is getting ready to seek honestly and sincerely joint answers to joint problems both of us can live with. We may still get some fancy window dressing from time to time but I suspect that from now on we can take it in stride as giving just a little local color.

It seems doubly unfortunate that just as we are getting on to this more promis-

ing kind of negotiating, the bottom should be falling out of production. Since mid-November the plant has maintained a full production schedule only by putting finished goods into inventory. We're hoping this simply signifies the preholiday seasonal drop familiar in the packaged food trades. But everything produced in the 30 days before this meeting *has* gone into storage inventory.

I talked with our group about the possibilities ahead for negotiations if this trend continues. Most of the group were averse to discussing potential layoffs even though they seemed almost inevitable; they feared the union might suspect management of deliberately cutting back employment in order to drive a harder bargain. I wonder if relations are sufficiently improved to chance frank exploration of this looming production threat; after all we probably will have to lay off hundreds before the agreement is signed.

[It may be noted here that these forebodings were realized. Throughout the remainder of the negotiations, until the agreement was signed, production slumped as the whole canning industry struggled against a severe setback. Hundreds of employees were laid off at Laurelton. Mr. Mitchell gave continuous and detailed thought to his methods of handling this development with the union negotiators. The reductions in the work force were made in accordance with the provisions of the seniority article agreed upon by the parties after this session; it was thus given effect before the final agreement was completed to meet the production emergency.]

Discussion Questions

1. Evaluate Mitchell's opening of this session.

2. In terms of their respective drafts on the seniority article, what would you say seem (*a*) management's chief concerns, (*b*) the union's major concerns?

3. Prepare definitions of (*a*) seniority rights in collective bargaining; (*b*) job seniority; (*c*) departmental seniority; (*d*) veterans' seniority; (*e*) superseniority, or top seniority.

4. From the summary terms of these seniority proposals and the discussions upon them, identify (*a*) the factors which the parties would variously evaluate in determining an employee's job rights; (*b*) the job changes to which they would variously apply them in the determination of individual employee rights; (*c*) the types of "breaks" to be recognized in the administration of seniority rights and the computation of continuous service for seniority purposes; (*d*) the safeguards management and union respectively sought, to maintain their institutional interests, as their representatives in this session saw them.

5. Evaluate Mitchell's suggestion for further action in seeking resolution of the differences over contract provisions to govern seniority from the viewpoint of (*a*) immediate negotiating tactics and (*b*) restructuring the union-management relationships.

6. What criteria do the parties urge, and for what considerations do they respectively ask provision in the formulation of vacation provisions? Outline the components of plant service debated as valid factors for determining concrete vacation rights.

7. Evaluate Mitchell's differentiation of the "fancy window dressing" of contract negotiation in terms of variations in "mutual acceptance" or, in other words, the underlying structure of relationships.

8. Define the crisis looming for negotiations at this point, and evaluate the method chosen by management to avert its potentially adverse affects.

NATIONAL FOOD SPECIALTIES (E)

THE FOURTH SESSION: INITIAL ECONOMIC OFFERS

[The meeting opened on December 20, 1946, at 2 P.M.]

Mitchell (m): In our first and second meetings we touched upon some of the benefits that you wanted—paid holidays, uniforms and laundering of uniforms, etc. We would like to discuss that before we get further into our seniority and vacation articles, which we held over until today. Any agreement we reach on each of the articles does not become binding until the whole agreement has been signed.

Wagner (u): That's right.

Mitchell (m): Benefits are a form of hidden wages, so that if we give two paid holidays that is taken into consideration by the company as a part of the wage demand. It is just a case of where you are going to put the money we can give you.

Wagner (u): There is no denying that they are a part of the increase.

Mitchell (m): With that in mind I am going to ask Harv to tell you our thinking on paid holidays and things that go along with it.

Ulrich (m): Well, here's the basic information for both of us: This company is an Illinois corporation. The stock of the corporation is owned by National Food Specialties, Inc. That is a New York corporation. The union has asked just how this company ties in with National Food Specialties, Inc. We report to National Food Specialties, Inc., only in the sense that any corporation reports to its stockholders. The stock of National Food Specialties, Inc. is on the market and the people of the United States own it. In any company the stockholders have their money invested for the same reason that you buy savings bonds, to get income from them. You know as well as anyone this company gets its money from the sale of products. We take last month's sales and they pay our expenses for the present month.

Take December; well you all already know about the pretty gloomy December picture. We have very carefully considered what we may expect in 1947, and from all of the information that we have, we will arrive at just as generous an offer as possible. It must then be added to our expenses. Part of the dollar must go for raw materials, labor, equipment, etc. We cannot increase the total beyond what we can reasonably expect to take in. I am bringing this up so we have a realistic basis to work on. I do want to make the point that we don't have a drawer full of money; and, if we ex-

pend more than we can justify, I am not doing my job for one thing—I will not have a job for another thing. We are bound by the limits of what is possible. It is not our intention to be unreasonable but it is our job to stay within what is possible.

We hope that background will explain our attitude that we cannot have increases in 12 different ways, and each of them big. We are willing and we think we should go along on some and do what is the very best and what you feel would be best.

For instance, we are thinking in regard to the question of paid holidays of having two paid holidays for the year—which ones you chose to make the paid ones does not really concern us. But we think it is a fair and just proposition to have two of the six holidays we had in our contract last year—that is, as holidays—to have two of them paid.

Now on laundering, which was in the question—laundering is not a good term, let's say uniforms and maintenance of them—we think we should have some of our employees wearing uniforms and have them uniform in appearance and cleanliness, etc. In our thinking, the production floor where the food is being prepared and handled, in other words the heart of the plant, should be uniformed and present a good appearance, not just for appearance's sake but also for those things required by the health authorities. We should have our people who are engaged in that kind of work wearing uniforms. Our intention is to purchase and launder uniforms where the company requires them. We say that because we think the man loading the box car does not need to wear a uniform.

That is our thinking on the two suggestions you brought up the other day.

Mitchell (m): Do you want to talk about it or let it lie?

Wagner (u): Inasmuch as we proposed these provisions, I think the company should submit a specific counterproposal on them.

Mitchell (m): O.K., fair enough. We will submit a written proposal and have it ready for our next meeting.

On the question of seniority, you submitted as a suggestion to us quite a lengthy revision of our proposal to see what we thought about it. We have taken that revision and constructed a final article adopting almost the exact language you used but also keeping some of our clauses. Dick, will you give it to them?

Wagner (u): I would suggest that we continue on, going through the contract. When we arrive at a tentative agreement, we can proofread it and then see just where we are.

Mitchell (m): All right. We are getting down to a working basis; we are in agreement on that.

Wagner (u): Now on *Leaves of Absence:* in your proposal, that article is all right.

[This article in the company's draft provided, in essence, leaves of absence (1) for elected union officials up to one year, with extensions up to three years; (2) for other employees at the company's discretion, upon consideration of reasons for the request, up to 90 days, with extensions up to 60

days more; and (3) for female employees, compulsory in cases of pregnancies, at least 90 days before and 90 days after confinement.]

Wagner (u): Now on your draft of Article II, *Adjustment of Grievances*, there are a few things we'd like to change.

[The company's version of Article II, in brief, provided the following procedure:

No stoppage should occur as a result of differences arising under the contract, but there should be earnest effort to settle them promptly by submission to a four-step grievance procedure:

(1) A conference was to be held between the departmental foreman and the aggrieved employee, accompanied by his steward; but, if the matter was not settled within 24 hours, it was to be appealed according to Step 2.

(2) A conference was to be held within 48 hours after appeal between the union representative and the departmental superintendent; but, if not adjusted within 48 hours, the difference was next to be taken up according to Step 3.

(3) The grievance was to be "reduced to writing" and presented by the union grievance committee, consisting of not more than four members, to the division manager at the first "regularly scheduled meeting." If not settled under the foregoing steps within 10 working days, the grievance was to be submitted to the final step.

(4) The difference was to be submitted to an arbitrator, who was to be jointly designated from a list of names furnished by the United States conciliation service. The arbitrator was to be asked to render his decision within ten days after the hearing.

A grievance representative was not to leave his job until necessary relief had been provided by his foreman, and the representative was to receive pay for time lost only in meetings called by the company. Management stipulated its right to submit grievances against the union to these adjustment procedures.]

Wagner (u) [continuing]: The union would like to leave out "24" and "48" hours as time limits for appealing a grievance to the second and third steps. Under Paragraph 4, "No award of the arbitrator shall be made retroactive beyond the date when the grievance was first presented." Scratch that out. Then, your last paragraph in the grievance procedure, Paragraph 12 [management's right to submit grievances against the union]—I don't know what you mean by that.

Mitchell (m): Management is constantly approached by its stockholders and the officers, board of directors, etc., as to why the company cannot prefer charges against the union as a whole or officers of the union. I have always taken the position that we can do it whether it is in the agreement or not; and, if the occasion requires, take it all the way to arbitration. You have the right of grievance against us but we have none against you. If we do act, we are charged with a lockout. That is the only instrument in our hands. In other words, how are we going to follow through with a grievance against one of the union representatives?

Wagner (u): Under the contract procedure, you have the right to call the local representatives into session.

Mitchell (m): Yes, but we have no machinery on which to ride except to say, "All right, you are fired." We want to proceed in an orderly fashion. Suppose a representative exceeds his power. We don't want to fire that man; what are we going to do? If we can't convince the President of the Local that the representative is in the wrong, how will we settle it? Don't we have some orderly way of bringing a formal charge and seeking an answer in a formal way, even up to going to an arbitrator for a decision?

Wagner (u): I understand the principle of it but to be frank, I don't like the wording. How about this? "Union members, foremen, foreladies, and other recognized representatives of the company are bound to observe the respective covenants in this contract of the company and the union."

Mitchell (m): We'll think about that. Now go back to your first objections. Why do you want to leave out the "24" and "48" hour time limits?

Wagner (u): The general procedure is very good with the exception of the remarks I made. Why the long waiting period? In Paragraph 1 leave out the stipulated hours, then in Paragraph 2 change it from 48 to 24 hours. Then we agree the arbitrator's answer is final and binding but you seem to qualify that by limiting him on retroactive pay.

Mitchell (m): How about the next paragraphs—up to the last, Paragraph 12?

Wagner (u): They are all right. Now let's go to your next Article. [Reads.]

ARTICLE 12—STRIKES AND LOCKOUTS

A. The Company agrees that there will be no lockouts, and the union agrees that there will be no slow-downs, strikes, or other forms of work stoppage during the life of this agreement.

B. In the event the foregoing provision is violated by any employee, the company and the union agree that the employee, or employees, involved may be discharged by the company without any such discharge, or discharges, being subject to the provisions of Article 11.

You have that tied up pretty tight, don't you? I have never pulled a strike without notifying the company. I have had two in 10 years.

Mitchell (m): Suppose we change in Paragraph B the word "without" to "with" and omit the next word "any." Could you live with that?

Wagner (u): Leave it for a while. Let's finish up the rest of these Articles. Now *Article 13—Company Rules and Regulations.* O.K.

Mitchell (m): *Article 14* on uniforms and work clothing we will reconstruct according to what Harv said before.

Wagner (u): *Article 15—Bulletin Boards.* O.K.

Mitchell (m): I think our new bulletin boards should be out some time next week.

Wagner (u): *Article 16—Access to Plant.* O.K. . . .

Article 17—Termination of the Agreement. Now we are back to that issue of retroactive date on termination of the contract again.[1] All your draft provides is the calendar year for everything. [Reads.]

A. This agreement shall be in force and effect for a period of one (1) year beginning the first day of January, 1947, and ending the last day of December, 1947, and thereafter from year to year unless either party hereto shall notify the other in writing not less than thirty (30) days nor more than forty-five (45) days prior to the expiration of the term, or any extended term of this agreement, of an intention to cancel or to change any provisions of the agreement upon the expiration of the term or the current extension of the term.

B. If such written notice is to the company, it shall be addressed to Foods Italienne, Inc., Laurelton, Pennsylvania. If such a notice is to the union, it shall be addressed to Local No. 00, Amalgamated Meat Cutters and Butcher Workmen of North America, A. F. of L.

Mitchell (m): I don't know what the answer is. The company has a strong feeling that they are right. You have a strong feeling that you are right. I would like to suggest we call upon the U.S. Arbitration Service cold and let neither of us submit briefs. Let us submit ourselves to a questioning by their man, and let him be the judge. Whatever he comes out with, let us abide by it. The management feels that it is right in standing upon a year-to-year basis. I don't know how to settle those things.

Wagner (u): Last year we negotiated an agreement and I am not interpreting this myself but the entire committee that served were under the impression the retroactive date on wage increases we negotiated any year always would be October 12. In other words, they worked under a 15-month labor agreement this time. So, if you and we cannot get together, instead of signing it from January 1 to December 31, we will go back to the original date of the NLRB's decision of September 12. We actually bent over backwards agreeing to October 12 due to the fact that it was V–J Day; and there were problems of processing tomatoes, of reconstruction, etc. We should have asked to go back to September 12, which was the date we were certified by the board.

Mitchell (m): There has never been any doubt about the sincerity of the union and its membership, and their firm conviction. But management's conviction runs just as deep as that of your group. Such increases as were to

[1] This much disputed clause in the first agreement read:

ARTICLE 17—TERMINATION OF THE AGREEMENT

"*A.* This agreement shall be in force and effect for a period of one (1) year beginning the first day of January, 1946, and ending the last day of December, 1946, and thereafter from year to year unless either party hereto shall notify the other in writing at least thirty (30) days prior to the expiration of the term, or any extended term of this agreement, of an intention to cancel or to change any provisions of the agreement upon the expiration of the term or the current extension of the term.

"*B.* However, for purposes of computing wages only, the effective day of the contract shall be considered as October 12, 1945. The above date in no way invalidates or changes the effective date of the contract as a whole, being from January 1, 1946, to December 31, 1946, but is agreed to solely for the purpose of computing retroactive pay. Notwithstanding the above, the effective date of the contract shall be from January 1, 1946, to December 31, 1946."

be granted under the 1946 agreement were for that year alone. The agreements following after were to run on a year-to-year basis. That's the way management understood it.

Wagner (u): The board would have granted us retroactive pay as of September 12, when we were certified.

Mitchell (m): You could bring that conviction you hold before a U.S. Arbitrator who is well acquainted with certificates and the dates when those things usually can be set in agreements. If you brought in an arbitrator, there will never be a question on it at all.

Wagner (u) [giving Mr. Mitchell a copy of the membership ballot in November—voting for or against bringing in an arbitrator]: The members took a vote on that. Their answer is no arbitration.

Mitchell (m): This is a unilateral decision. Why take a vote about going to arbitration when in the agreement you agree to go to arbitration? This is a question of interpreting a clause of the Agreement—The Termination Clause.

Yost (u): The agreement says any differences over interpretation *may* be taken to arbitration.

Mitchell (m): We would like to have a recess.

[Management recessed from 3:10 P.M. to 3:45 P.M.]

Mitchell (m): Management recognizes the importance of this honest disagreement between us. To be as fair as possible, therefore, we would now propose to have the contract run from January 1 to December 31 of each year. The whole of the contract, including all wages, benefits, etc., will run concurrently from the beginning of the year to the end of the year. But, for this year, as a sort of transition we are willing to go to December 1 in applying any vertical wage increase based upon the present rate structure.

We want to get out of this retroactive dispute. We could enter into a separate supplemental agreement, a stipulation setting forth all of this so that it would be absolutely understood and so that there would be no misunderstanding from here on out as to where we are going.

Wagner (u): That is the company's counterproposal in reply to the union's demand for October 12? December 1 for this year only?

Mitchell (m): No, it is not a counterproposal; it is a proposal. A counterproposal would be a confession on the part of the management that October 12 was the established date and that is not the admission on the part of management at all.

Wagner (u): If the company has no counterproposal as to who was right and who was wrong, we will go back to our original and first negotiation date —to September 12 and expire our agreement each year on September 12.

Ulrich (m): We cannot agree. We cannot undertake to negotiate a contract during the harvest season. It would not be possible to give the attention we should and want to give.

[After some further discussion it was decided to have the next meeting Monday, January 6, 1947, 2:00 P.M.; and that the 1946 agreement would stand until a new one was reached. Meeting adjourned 4:15 P.M.]

Mr. Mitchell's comments on the fourth session emphasized the growing "feeling" on both sides to get on to those subjects upon which mutual agreement could be recorded. The "retroactive-date" issue furnished, he wrote, the one still stubborn point of controversy. The union introduced the vote taken on the issue in November before negotiations began. The vote had been supervised only by the union officers; it produced an 8 to 1 rejection of arbitration with authorization to the officials to call a strike if they deemed it necessary. "I sensed," Mr. Mitchell commented, "that at this point in our negotiations, I would be safe in regarding this as a bargaining club rather than an actual threat. I think we rather boomeranged it back upon the union by taking no cognizance whatsoever of the strike possibility or their attitude on it."

Discussion Questions

1. Can you note any parallels in Mitchell's opening of this session and the third one that would enable you to formulate a preliminary hypothesis as to his utilization of the session opening as an element in his bargaining?

2. Why do you think the vice president in charge of production was chosen to present the company's first concrete economic offers to the union? Would you endorse the choice, and why, or why not?

3. What did Ulrich seem to be striving to accomplish in his manner of presenting these "gains" to the union; and do you rate his actual presentation an effective one?

4. Evaluate the type and dimensions of the "gains" chosen by the company to initiate its "economic" proposals as an element in bargaining strategy and tactics.

5. How would you interpret Wagner's reception of Mitchell's statement regarding the current status of the seniority provisions in the negotiation?

6. Differentiate the three categories of "leaves of absence" in the company's draft from the viewpoint of (*a*) those that pertain to the union's institutional needs; (*b*) those that pertain to the employee members' individual human needs; and (*c*) the type of control management suggests over each class of "leave."

7. Analyze the proposals and discussion on the provisions governing "Adjustment of Grievances" to indicate (*a*) the character of each "step" in the hierarchy of adjustment procedures; (*b*) the issues implicit in successive "time limits"; (*c*) the stage at which the grievance was to be "reduced to writing"; (*d*) the role of the arbitrator and the manner of his designation; and (*d*) the conditions set to govern the functioning of grievance representatives in the shop.

8. Do you think management should utilize the contractual grievance procedures to present its own grievances against the union or union members? Why—or why not—and specifically how? Evaluate the union's counterproposal to meet this demand of management.

9. Differentiate the types of "illegal" action the company would proscribe under the agreement indicating some "other forms of work stoppage" that

might be included in this generalized phrase of its enumeration. Against whom else might penalization in such work stoppages have been provided?

10. Formulate the issue on "retroactivity" as management and union see it at this stage of the negotiations. Give your hypothesis as to why it presents so "stubborn" an issue. Evaluate management's two suggestions in this session for resolving the difference, and Mitchell's handling of the union's "vote" regarding arbitration.

NATIONAL FOOD SPECIALTIES (F)

THE FIFTH SESSION: STOCKTAKING

[The meeting opened on January 6, 1947, at 2:30 P.M.]

Wagner (u): We went from the Preamble to Article 7 pretty thoroughly; and now you drafted a revised proposal, or some tentative agreement, based on these discussions. I have read it over this morning and there is a lot in it. I think we will start with that draft you mailed to the union.

[The parties thereupon addressed themselves during this session to a review of this new draft of tentative agreements. They accepted the versions of the articles on seniority (Article 7), leaves of absence (Article 9), adjustment of grievances (Article 10), company rules and regulations (Article 12), bulletin boards (Article 14), and access to plant (Article 15).

In other articles, some of the original differences persisted: thus (1) the union still insisted on including in their bargaining unit foremen who did any work at the bench, regardless of their formal status as salaried employees; (2) a probationary period of 45 days was still asked by the company, while the union insisted on 15 days; (3) the union still pressed for stipulated allowances for excused absences and leaves in computing service toward earned vacation rights; and (4) the retroactivity issue still remained a seemingly intractable difference.

In still other articles, the parties moved forward toward tentative settlements: thus (1) the company, while protesting the clerical costs of a check-off, promised the demand further friendly consideration; (2) the company promised to launder, as well as supply and maintain, uniforms it required; while the union withdrew its demand for a specific number of uniforms to be supplied employees; (3) the company offered two paid holidays, which were to be chosen from among the six enumerated in the Agreement, while the union postponed acceptance of this offer only until it received the company's full wage offer; (4) the major differences on "hours of work" approached compromise settlement as the union agreed to the principle of a Monday-through-Sunday work week, while the company agreed to pay overtime rates for work done on Saturdays or Sundays (with stated occupational exceptions) by employees who had worked on the five prior days, even if on short time for reasons beyond their control; and (5) the parties undertook further to explore

a mutually acceptable wording for the "No Strike, No Lockout" provision, on the essential intention of which they were in agreement.]

Mr. Mitchell's comments on this session reflected pronounced satisfaction. He wrote:

> Wagner brought back the "foreman" issue, but he was manifestly puffing up a lost cause. This window dressing was not for us, I suspect, but for the members. The whole meeting gave every indication negotiations were going along; I'd say there's no danger now of a breakdown. We've reached a good understanding; there's an attitude of facing mutual problems that's very different from the old tension and emotionalism. I think we've left the old belligerence permanently behind us.

Discussion Question

1. What do you think were Mitchell's objectives in drafting a "revised . . . tentative proposal" for the union embodying all the agreements reached in the negotiations thus far? Do you approve of such a review?

NATIONAL FOOD SPECIALTIES (G)

THE SIXTH SESSION: FURTHER PROGRESS AND A LOOMING JURISDICTIONAL DIFFICULTY

[The meeting opened on January 13, 1947, at 2:10 P.M.]

Mr. Mitchell submitted copies of the check-off provision as it is proposed to be made the second paragraph of Section B. He then read the paragraph:

> The company shall deduct from the wages of all such employees an amount equal to the monthly union dues, initiation fees and assessments certified in writing by the union to the company. However, the company shall not be required to deduct fines from the wages of any employee. The union agrees to hold the company free and harmless from all claims and damages from any party whatsoever and agrees to indemnify the company against any and all such claims and damages.

Wagner (u): That is all right.

Mitchell (m): Now, on the suggestion which you submitted to us at our last meeting concerning hours of work, there is still a question in our minds. We would like to have you write up and identify the exceptions you would make in the application of the hours of work to permit a continuous work week in emergencies or special occupations.

Ulrich (m): We agree that overtime is a penalty on the company for not having the work planned properly to give its employees a couple days' rest in a row. Saturday pay as such will take care of that, which is what you asked for. We are now in a position where some of our business can be planned. We should accept a penalty if we don't plan such jobs right. But we are also in a position where on some certain things we cannot control operations. You already agree with us on such jobs as powerhouse, plant maintenance, etc. However, we are now starting a large operation on mushrooms. We feel

pretty sure that when we have nine growing rooms going at once we won't be able to control the picking of mushrooms over week ends. That is an operation similar to your maintenance and boiler room work. In the same way it is impossible for this company at present to tell its suppliers that under no circumstances will we accept a truck for unloading on Saturday; instead we are glad to get it. To insist that we will not do anything like that would cut us off from material we should otherwise buy. We would be forced to pay a penalty for a situation we cannot control—at least in 1947. I am pretty sure a buyer's market will return wherein we will be able to control those things. At any rate our aim is to guarantee two days off each week, same as yours is to receive them.

Wagner (u): The only thing we are in disagreement on, then, is who are to be included as regularly scheduled employees. Do you want to stipulate firemen and maintenance?

Ulrich (m): No, what we have to do is allow for all such things which the company cannot control. In addition to those long-established jobs, we shall have to pick mushrooms say on Sundays same as we have to have a watchman's schedule then; and for the present we cannot control the incoming merchandise.

[The parties hereupon explored further such situations beyond management control that the company wished to exclude from the regularly scheduled work week.]

Wagner (u): I will discuss these further exceptions you ask with the committee: mushrooms, incoming goods, powerhouse, watchmen, etc. They will all definitely have a day of rest during the week?

Ulrich (m): Yes, they will have two days together.

Wagner (u): Where do we go from here?

Mitchell (m): Article 11, "Strikes and Lockouts."

Wagner (u): Before we go to that, go back to Union Recognition, "The company recognizes the union as the sole, etc." We want to exclude, "including local truck drivers."

Mitchell (m): Why do you want to exclude them?

Wagner (u): In order to avoid any conflict with the Teamsters' Union on a jurisdictional dispute over the local truck drivers. These were definite instructions from the International and if there are any "hitches" in this settlement, we will see what they are before we turn the local drivers over to the Teamsters.

Mitchell (m) [after some exploratory discussions]: Well, let's hold that open.

Article 11—Strikes or Lockouts. How does this strike you:

> The union agrees to accept and abide by all of the terms and conditions of this agreement and during its term will not permit its members to engage in any walkout, sit-down, slowdown, or other interference with or interruption of work, and that it will not call, countenance or otherwise encourage any walkout or strike. The company agrees to accept and abide by all the terms and conditions of this agreement and during its term will not lock out the employees.

Wagner (u): That sounds all right. Let us study it a bit.

Mitchell (m): All right. Now we come down to the question of wages.

Ulrich (m): Our position has been stated several times before on the matter of wages, namely, that we are still Foods Italienne, Inc., and depending upon the profits of Foods Italienne, Inc., for our subsistence. It is a lead pipe cinch this company is not going to be able to continue if it must meet greater expenses than its competitors. If we were to evaluate what we could do for your people on the basis of our 1946 performance, we just would not have anything. So we look ahead to 1947, and with the best thinking we have on it, we think we can take a total of 11 cents per hour and distribute them any way we both agree to distribute them. And more than that in 1947 we can't see. That is what we hope and think we can do; we will say we can do it and stick with it. How we distribute this 11 cents is within our joint decision, actually.

Mitchell (m): For instance, we figure that two paid holidays comes to somewhere about three-fourths of a cent, based upon 1946.

Wagner (u): Your offer is 11 cents. Is that in addition to the two paid holidays?

Ulrich (m): No, 11 cents covering the board, including all benefits, the complete package.

Wagner (u): I would like to talk with the committee about it.

[Management Committee adjourned from the room for the Union Committee to discuss the matter—3:25 P.M. to 4:00 P.M.]

[The application of the 11-cent-an-hour increase was discussed by management and union.]

Wagner (u): The 11 cents clears that part of the program with the exception of the night shift differential and your modified vacation. But we cannot accept two paid holidays. If we can get together on vacations, night shift, and paid holidays, I am willing to meet with you, with the exception of tomorrow.

Mitchell (m): Let's hold a tentative date, this Friday, for our meeting.

Wagner (u): Will you break the increase down into figures? I don't want to confuse the employees. Do you want me to make an appointment with Yost, myself, and the Teamsters?

Mitchell (m): Yes.

In his comments upon the sixth session, Mr. Mitchell noted, again with satisfaction, that the negotiators were "exploring issues" rather than "engaging in sheer controversy." But one new demand introduced by Mr. Wagner struck him as highly "unusual." To find a union requesting exclusion from contract coverage of a work group assigned to the bargaining unit by the NLRB was so striking to his mind that he felt management had to determine carefully its position on the demand by such of the facts underlying it as could be discovered.

In certifying Local 00 of the Butcher Workmen at Laurelton, the NLRB had included "local truck drivers" and excluded "over-the-road truck drivers." These latter, who were handling some customer-finished goods the company

was then delivering by trailer truck, were members of the Teamsters' Union, which had made an informal arrangement with the company regarding their wage rates. In August, 1946, the company informed the Teamsters' Union that it would no longer deliver finished goods by trailer truck; shipments, however, would be made from the plant by trailer-truck equipment to the two local railroad stations. The Teamsters demanded all the company's drivers; and a "nice, easy jurisdictional dispute" between the Teamsters and Local 00 thus began.

The Teamsters, however, had not participated in the NLRB election that certified Local 00, nor had they placed themselves then on record as a party in interest. But Local 00 had lost two elections before that in which the Teamsters had been recorded as a party in interest. The unions determined upon settlement between them, apparently without consulting management. Indeed from the discussion on the issue at the joint meeting following this negotiating session, Mr. Mitchell inferred that the decision had been made by the "top leadership" of the two unions. Thus it was that the negotiators were obeying orders "to deliver the local truck drivers" to the Teamsters.

Management resisted the whole proposal from there on to final settlement. [Indeed, signing of the 1947 agreement was held up from February 7 to February 24, 1947, on precisely this issue, as the company took the position that the recognition clause must stand on the terms of NLRB certification. Five representatives of Local 00 and Mr. Mitchell went to Philadelphia to confer with the top union leaders. After varied negotiations, the company's contention was conceded *in toto*. Rumor, as it came to Mr. Mitchell, had it that final decision was made in Chicago by the international presidents of the two unions.]

Discussion Questions

1. Why do you think that the company might be willing to check off union dues, initiation fees, and assessments but not fines from employees' wages? Would you support such a differentiation, and why?

2. Analyze the company's proposals on hours of work as a formula for both satisfying union demands and safeguarding management's right to schedule the work.

3. What provisions has the company now eliminated from its original draft on "Strikes or Lockouts"; what additions have been made? How would you evaluate these changes?

4. Evaluate management's presentation of its wage offer and discuss the tactic of the "total package" in bargaining.

5. Discuss the issue of teamsters' affiliation in relation to (*a*) the concrete managerial change that precipitated the jurisdictional issue; (*b*) the manner in which the original interunion adjustment apparently was made and communicated; (*c*) the tie-up of the background NLRB elections; (*d*) management's policy in the situation; and (*e*) the character and manner of arriving at the final decision. Why do you think management fought to deal only with the Butcher Workmen in this situation?

NATIONAL FOOD SPECIALTIES (H)

THE SEVENTH AND EIGHTH SESSIONS: WAGE BARGAINING

[The seventh meeting opened on January 23, 1947, at 2 P.M.]

The following letter, dated January 23, 1947, was given to Mr. Thomas Wagner this morning:

Dear Mr. Wagner:

The make-up or composition of the 11 cents wage increase that the company tendered to you on Monday, January 13, 1947, at our joint Union-Company Negotiation Meeting would seem to be as follows:

Total hourly wage increase to cover all benefits such as general or vertical wage increase, paid holidays, job evaluation, et cetera. 11¢

At the present time the estimated breakdown of the 11 cents per hour would be:

4 paid holidays (Converts Christmas gratuity)	1.25 cents per hour
Laundry	.25 cents per hour
Job Evaluation	2.00 cents per hour
Retroactive pay to December 1, 1946	.50 cents per hour
	4.00
Leaving a general hourly wage increase of	7.00¢

You will notice that the cost to the company of checking-off dues has not been included.

The general wage increase of 7 cents only would be retroactive to December 1, 1946, with the understanding that in the 1947 agreement or by a supplement thereto, properly accomplished by both parties, all future money considerations shall run concurrently with the then existing agreement, unless otherwise agreed upon. In other words the controversial retroactive date of October 12, 1945, will be foregone.

That portion of the above-tendered wage increase as applied to the general hourly wage increase, herein estimated at 7 cents per hour, would be withheld from employees known as the "Colton Bus Group." If and when the bus was discontinued, these employees would, of course, come into the estimated 7-cents-per-hour general-wage increase as of the date the bus or buses were discontinued.

Mr. Wagner, before the meeting started, asked for a recess to discuss the above-quoted letter with the Union Negotiating Committee. The Union group discussed the wage-increase proposal from 2:05 P.M. to 2:25 P.M.

[The meeting commenced at 2:25 P.M.]

Wagner (u): In our last meeting there was some discussion as to the general wage increase and I believe that when we left the meeting neither side had the exact interpretation as to how it would be applied. This morning when I read your letter [above-quoted letter] on the breakdown of the increase, I saw it did not meet our thinking. We were under the opinion it would be 11 cents plus whatever adjustments there were. After we read

the 7-cent increase, which would exclude the Colton people, we could not accept that.

We are willing to give you a counterproposal, because this 7 cents plus your proposal on the retroactive date does not meet our proposal. We are willing to accept 12 cents including everybody and let the Colton people find their own transportation. As far as your 7 cents goes, it is rejected.

Mitchell (m): What would be your breakdown, Tom?

Wagner (u): You have a general wage increase of 11 cents, taking into consideration the fringes, which amount to 4 cents. We are willing to accept 12 cents across the board plus these fringes, which in your language is 4 cents; and in it include the Colton group. Remember that there is no guaranteed work week, no night bonus and no change in your vacation policy.

On the question of the retroactive date, if it is the company's proposal to go back to December 1, this agreement will be signed as of September 12 this year, a total difference of about 7 weeks as far as the retroactive pay is concerned.

Mitchell (m): You want in substance 16 cents an hour increase in wages. As we talked, I am quite sure we made ourselves plain that any wage increase would include all fringe issues, so that when we offered 11 cents it was to include the fringe issues. Now you come back and say you want 12 cents across the board but in substance and essence you want 16 cents, which includes the fringe issues.

Wagner (u): In our proposal the night bonus, seven paid holidays and sick leave in reality would mean a 19-cent increase. But we were of the opinion your offer of 11 cents meant a general increase plus the breakdown on these other fringes, of which neither you nor we knew exactly what they would be. Now on this letter it is 7 cents plus 4 cents on fringes.

[There followed some further discussion of the respective demands against the business outlook in the whole canning industry.]

Mitchell (m): Well, we will take your whole position under consideration. Let us give it a mulling over and see what comes out of the hat.

Wagner (u): I would like also, inasmuch as we are still in disagreement on the retroactive date, that we sign a 9-month contract or come to an agreement on the 7 weeks retroactivity which are concerned. I don't think we are very far apart on that.

Mitchell (m): You might be surprised on how far apart we are. We certainly must come to an understanding, and for once and for all this October 12 date must go out of the picture.

Wagner (u): What is the next move on the company's part?

Mitchell (m): We would like to talk about Article 2, in the light of the Teamsters' demand on recognition of their union. The Teamsters' Union is getting quite adamant and we had a session with Mr. Vogt and Mr. Gordon last Monday afternoon. Gordon is making some rather outlandish demands based upon a decision, so he says, Pat Gorman and Tobin made at Chicago as to the jurisdiction of the Teamsters related to the Amalgamated, at this plant. [Mr. Mitchell reported in detail on his conversations with the teamsters'

representative, after which he stated his determination not to be "crowded" into any untenable position. Mr. Wagner declared he would meet again with the teamsters' local representatives.]

Mr. Mitchell considered this meeting further demonstrated that "on wages, as on other matters, step by step the issues before us have been resolved or are on their way to being resolved."

[The eighth meeting opened on January 28, 1947, at 2:03 P.M.]

Mitchell (m): Where do you want to start?

Wagner (u): Your wage proposal was rejected. I think it best we start from there.

Mitchell (m): There is not much to be said about that except, objectively speaking, that if these negotiations had started today rather than six weeks ago the best offer that this company would be able to make you would have probably been somewhere in the neighborhood of an over-all increase of 5 cents per hour.

Ulrich (m): Our 11 cents' offer was not based on what the company thought it could do as of now but what we could do as of the improvement and volume we foresaw in 1947. I think our lens had a little dust on it. For we believed we were allowing for the worst possible—that business would not pick up until the middle of January. Here we are at the end of January and orders are running right now less than our production. We still think maybe it will come through soon; I cannot see it honestly now.

Wagner (u): On the retroactive question, have you discussed that? What thought have you on the matter of October 12?

Mitchell (m): Tom, again based upon the current events, if we could even withdraw December 1, we would do that.

Wagner (u): You mean management is taking the position it is still December 1?

Mitchell (m): That is right.

Wagner (u): If we cannot come together on these two issues, wages and retroactivity, and you say that is your final and best offer, I will ask for a conciliator to come in. Even if the membership was to accept that offer (11-cent over-all increase), we are still in doubt as to the retroactive date. If management is going to take the position it is December 1, we will not sign a year agreement this time, even if the wages are acceptable to the membership. Your agreement which we sign now will expire on the 12th day of September; we will go back to the original certification date unless we can agree in the conference room that the retroactive date will be October 12.

Mitchell (m): Outside the question of wages and the retroactive date, we have things pending which are not insurmountable. On vacations, we will go back to the 1946 arrangement with the difference of advancing the vacation calculations to the period of March 1 rather than of May 1; you gain something by that. We have hours of work, that is Saturdays and Sundays as such. We assume holidays tie up with wages as a fringe issue and job evaluation so that brings us down primarily to wages and retroactive date. I suggest you grant us a reasonable recess and we will go into a huddle and see whether

management has had a change of heart on the retroactive date and we will report back in 15 or 20 minutes.

I might inquire as to the job evaluation committee. I want to say that you people have gone along in pretty fine style there. It is new to you and the reason you are doing well is because you have an open mind. It is a long range objective. It does not matter what position you are in now; you are not as far away as when you started.

Adams (m): I think that within a week we should know just about what our point evaluations of our jobs are. Even after that, it is going to take considerable time to print the material.

Mitchell (m): If we seek a U.S. Conciliator, we should have that (Job Evaluation) also in the picture as part of the clean-up job.

[Management recessed—2:25 to 2:55 P.M.]

Mitchell (m): Tom, what we would like is to be given a little more time to think about this until tomorrow afternoon at two.

Wagner (u): One thing, I don't believe that vacation policy, and I think you will agree, is a fair policy even if we go back to the old one. Employees might be off, through no fault of their own, for 10 weeks; they won't make 1,600 hours. There should be some agreement on that. There should be some modification made on the present vacation clause.

Mitchell (m): From the standpoint of hours?

Wagner (u): This present lay-off, for instance, might have reached some employees with three years' service.

[Mr. Adams called the Employment Manager, Mr. Kales, and was told that on the female seniority list they were back to June 20, 1944, and on the male list, to January 2, 1945.]

Mitchell (m): We will do some thinking on that, Tom.

Wagner (u): Within reason, I know you will see the point. These people laid off do not lose their seniority, so they should not lose their vacation. If employees are off, through no fault of their own, for three months, because your vacation year starts and ends at a certain date, they could not possibly make up those lost hours.

Mitchell (m): We will do some thinking on that. Maybe we can work out a special stipulation to protect the employees from the effects of the slump on 1947 vacation rights.

[Meeting adjourned 3:05 P.M. Next meeting to be held the following day, January 29, at 2:00 P.M.]

Mr. Mitchell commented briefly on this session: "We got more evidence today that the parties are trying to find answers each can live with."

Discussion Questions

1. Evaluate the letter in which the company transmitted its final wage offer and indicate the varying items of relationships included in its complete offer.

2. By the union's first response, evaluate the place of the tactic of (*a*) the total "wage package"; and (*b*) timing wage offers in negotiating strategy.

Keep this an "open-end" question for further testing by the agenda of the concluding sessions.

3. By Wagner's restatement of the union's position on the wage offer in the eighth session, what would you take as the focus of reconsideration if you were on the management committee and anxious to promote final agreement? Why?

4. Evaluate Mitchell's response to the union's restatement of position on the wage offer in terms of (*a*) the things he recalls to their attention; (*b*) the things on which he agrees to "do some further thinking."

NATIONAL FOOD SPECIALTIES (I)

THE NINTH SESSION: THE STUBBORN ISSUE OF RETROACTIVITY

[The meeting opened on January 29, 1947, at 2:02 P.M.]

Ulrich (m): Tom, you left yesterday with the request that we consider our vacation plan to take care of things beyond employees' control in their vacation like this slump in the food industry. We have thought it over somewhat. We do agree in principle that you have a point. We are not going to overlook it but we would like to give it more consideration and have a little longer to frame that thing up.

Wagner (u): All right.

Mitchell (m): Now that we have disposed of that, Tom, on the question of wages and the retroactive date, which is the focal point in the position of both parties at this particular time, management deliberated long and hard and for the life of them they could not see any change in their position as to the retroactive date beyond that which has been offered—the vertical increase going back to December 1.

Wagner (u): When we do arrive at an agreement, then, we will still take the position that it will be signed with the expiration date of September 12. We are entitled to the retroactive due to the fact that we sacrificed a month in our first contract negotiations and we see no reason why we should have worked under a 15-month agreement.

Mitchell (m): To give further discussion to that particular phase of the question is merely a hashing and rehashing, in which we find ourselves going around in the same kind of circles and not finding an answer.

[The parties did focus almost entirely in this session on reviewing the familiar pros and cons on this issue. Some typical arguments have been taken from the minutes to illustrate the discussion.]

Wagner (u): I think management should realize the position in which we were placed by the first contract. We did sacrifice four weeks retroactive pay last year—and took very low wage increases. There is no reason why we should throw away two additional months; it is a matter, I believe, of seven weeks.

Mitchell (m): It is the most difficult thing to give away that which you do not have.

It is pretty hard for you fellows to wash your hands of the thing. You were a party to it. The retroactive pay should have been set up in a separate and distinct stipulation so that it would not appear in the 1946 agreement as such. I cannot understand seasoned labor men, Tom, on your side not seeing that.

Wagner (u): I think it is a misunderstanding on both sides as to the expiration of this agreement. I will blame management as well as the local union. In the conferences I attended (I still have some minutes), Mr. Torrensi sent me a letter, I think it was dated September 14, 1945, saying that due to a Mr. George's not being able to get into the picture, negotiation would be postponed until October 12. Then the other understanding, due to the peak season management wanted the contract to expire December 31, because they felt they would not be able to negotiate during a peak season. On the other hand, on the retroactive date, each succeeding year it would be October 12. We really asked for September 12 but the compromise was October 12. The wording in the termination was not clear at all.

Mitchell (m): I read the Termination clause without anyone's ideas or interpretations on it, as I wanted to see what my own interpretation on it would be. My thought on it was that it would be for that one year only.[1]

Wagner (u): Then you would not put it in the agreement.

Mitchell (m): Either that, or I'd include it by a special stipulation. It did not have any business in this labor agreement.

Wagner (u): That's right. We said in our contract negotiations that for the year 1946 we would go back to October 12 but there was no necessity of specifying it in the agreement unless there was an intention of its being for each succeeding year.

Mitchell (m): Tom, what do you want to do now?

Wagner (u): I would like a final answer as to the company's position on it. You say you won't give a compromise on retroactive, so we will sign a 9-month agreement.

Mitchell (m): And we say we won't do that.

Wagner (u): It would amount to 19 dollars.

Mitchell (m): Nineteen dollars per what?

Wagner (u): Back pay for each employee. Last year on the 3-cent general increase the union compromised. I would like management to sit down and see what they saved last year on a 3-cent general increase, when the union accepted retroactive pay to October 12, instead of September 12. Due to reconversion, etc., it meant $1.20 per person on the payroll, or $4.80 for the month.

Mitchell (m): I don't want to repeat what I said yesterday; but if we were to approach the wage standpoint as of today, there would not be an 11-cent over-all wage increase offered.

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[1] Cf. footnote on p. 244.

Wagner (u): That is our answer, Bob. Your answer is no; we still say no, so we are back to the termination of the agreement on September 12.

Mitchell (m): And there we say "no."

Wagner (u): Do you gentlemen feel you want to discuss it? I would like to talk to the committee but you are leaving me no alternative but to file a strike notice. I certainly hate to do it on this retroactive issue. The employees voted on it but I have held the strike notice in abeyance.

Mitchell (m): Do you want us to retire then?

Wagner (u): I would like you to give it careful study, because if we adjourn this meeting without an answer, the strike is the only alternative I have.

[The groups recessed—2:47 to 3:55 P.M.]

Wagner (u): I talked with the committee while you were out; no doubt you discussed the same thing. We are still of the opinion that if we cannot get retroactive wages as of October 12, we will accept your proposal but we will not sign a year's agreement.

Mitchell (m): Complete the thought.

Wagner (u): We will take to the membership the offer given us here; and we definitely know the position they will take on that retroactive date, because they each and every one voted by secret ballot on it. I have no other alternative, much as I hate to see it; we will file a strike notice.

Mitchell (m): In other words, your position has not changed since we left. If we don't go along on the September 12 termination of the agreement, or of the October 12 retroactive date, then you will file a strike notice.

Wagner (u): I don't think the Conciliators would be of much advantage to us if we ourselves cannot get together on those seven weeks.

Mitchell (m): We will meet again tomorrow at 3:00.

Wagner (u): Do you want me to hold that strike notice in abeyance?

Mitchell (m): I think you must serve your own conscience on that if you think 24 hours is vital to you.

Wagner (u): If you want to meet with us tomorrow, you must have something in mind.

Mitchell (m): All right, but as far as filing a strike notice, that is up to you.

Wagner (u): Take these two months in question, we gave last year the month of September; you give this year December. Between October 12 and November 30 there are seven weeks. Let's go home and sleep on it and see what we can do tomorrow.

[Meeting adjourned at 4:00 P.M. Next meeting to be held January 30, 1947, at 3:00 P.M.]

Again Mr. Mitchell commented briefly on this session:

Although this meeting was devoted almost entirely to the thorny, old controversy regarding retroactive date for wage increases, I could trace even in this how both sides are gradually coming together in sincere thinking on what can actually be done.

Discussion Questions

1. Evaluate the opening of this session again as an apparent element in Mitchell's underlying bargaining strategy.

2. How would you characterize the retroactivity issue from these discussions in terms of a phase of union-management relationships?

3. Analyze the differentiation Mitchell makes for the technicalities of negotiation between a contract clause and a contract supplement or "special stipulation."

4. In your own reading of the original "termination" clause, how would you decide on the difference between the parties if you had been called in to interpret and apply its provisions to this dispute? Do you believe interpretation of the contract language would "settle" the dispute satisfactorily, and why or why not?

5. Can you point to a statement by Wagner which management might take as an opening for a compromise settlement?

6. How would you appraise Wagner's introduction of the recourse to a strike, and Mitchell's response to it from the viewpoint of (*a*) negotiating strategy, (*b*) developing relationships?

NATIONAL FOOD SPECIALTIES (J)

THE TENTH SESSION: THE NEGOTIATIONS END

[The meeting convened on January 30, 1947.]

Mitchell (m): While our members are collecting, refer to Article 4 on *Hours of Work and Working Conditions.* Section E, at the bottom of the page [he reads]:

> The company reserves the right as provided by the Fair Labor Standards Act, to work employees for a fourteen (14) week period during any one year a maximum of fifty-five (55) hours per week without overtime compensation. This right will not be invoked unless circumstances change materially and make it appear necessary. In any event, the company will notify the union in advance of such action.

Strike that section. We want you to know we are not getting big-hearted but an order has been issued in the last few days that has changed the interpretation of the Fair Labor Standards Act. As this particular town has a population of 2,500 or more and since the clause has never worked anyway and is now obsolete, we are marking it out.

[Meeting opened at 3:12 P.M.]

Mitchell (m): Now, Harv, do you want to talk about the vacation question?

Ulrich (m): All right. Yesterday I asked you to let us think a little longer on the vacation deal, and we think it is unfair for employees who cannot work because of business conditions to lose the 1,600 hours required for

a vacation. We would like for 1947 to set forth a period of allowance, of 30 working days which can be used if the employee has been off those days through no fault of his own, that is through the company's having a layoff. In number of hours, that 30 days would amount to 240 hours.

Mitchell (m): In other words, if an employee, through the fault of the company or business conditions, was not able to work 1,600 hours but would have normally worked those hours; you would take the 1,600 hours, deduct 240 and the result would be the number of hours the employee would have then worked. We want to enter into a separate stipulation outside the agreement and then next year treat it a little differently.

Now the question of retroactive date. After long and deliberate consideration management has come around to a place where in a very simple way we will go back to October 12, 1946. In keeping with the letter of January 23, 1947, change the date from December 1 to October 12. I would like to clarify the whole issue very briefly again. So far as job evaluation and all other fringes, they do not go back to October 12; only the 7-cent horizontal or vertical increase goes back to October 12. It is definitely a part of the transition; from now on the contract year will be the calendar year for all provisions. This management bent to a heavy degree to accomplish that. I am saying that in all sincerity.

Now to have everything clearly understood from now on I'll just read a "Stipulation on Retroactivity" we want to add to the Agreement.

Wagner (u): I have said this before; I want especially now to say it once more: If I could have worked last year with the men on the committee this year, there would not have been a misunderstanding as to the retroactive date. I very much appreciate what you have done and so does the committee.

Now on the question of the Colton people. In the last part of your letter of January 23 you will recall that we said that that portion of the tendered wage increase as applied to the general hourly wage increase, herein estimated at 7 cents per hour, would be withheld from employees known as the Colton Bus Group. If and when the bus was discontinued, these employees would of course come into the estimated 7 cents per hour general wage increase as of the date the bus or buses were discontinued.

Let's get that thorn out of our side and discontinue those buses.

Mitchell (m): This would be a good time, as the buses are not running now.

Wagner (u): I am in a position to tell these people that the 7-cent increase is for everyone and that they are to get their own bus service. Another question, on these four paid holidays, are you going to leave that up to the union to decide what those four holidays will be?

Mitchell (m): Yes, but we think it would be fair for you to take it up with us. In my judgment, I would pick holidays when there are the most people working, and pick the holidays all at one time, and when these are definitely decided they will be final.

Wagner (u): In other words, the company has no disagreement as to what holidays we pick?

Mitchell (m): No, we don't think so but we would like to have your decision before May 1. There are some few rules, like the working on the day before the holiday to be considered when we get down to writing the agreement.

Wagner (u): Let me do this. You draft up the agreement and we will proofread it. Don't make too many copies, make a couple and we will compare them with your notes and our notes.

Mitchell (m): Fair enough. I think on the matter of Union Recognition that in the light of the Teamsters' group, we have some ideas that may have some value. We would like to take out the words "truck drivers" on the Union Recognition and substitute therefore in that a category of "warehousing and service." As I have previously told you, the Teamsters are gunning for the warehousemen and we don't want any part of it. We must come out of this labor agreement with sound understanding on the part of the union and management.

[Meeting adjourned at 3:35 P.M.]

Mr. Mitchell's comments on this session were jubilant:

> We've reached understanding locally on all issues. What's more important we've developed a relationship in which the union simply told us to draft the final agreement—and they'd proofread it! If anyone would have prophesied that a second agreement would be negotiated by this union and this company in 10 meetings between December 11, 1946, and January 30, 1947, with a complete job evaluation program, I'd daresay most experienced labor relations men would say it could not be done.

The company prepared a formal agreement as requested by the union, and the latter accepted it in its entirety, save for the issue of jurisdictional dispute with the Teamsters' Union. That, too, as already noted, was soon settled, and on February 24 the parties signed their second agreement without changing one word in management's draft following the tenth session. The weekly "Friday grievance meetings" had been discontinued completely during the period of negotiations.

Pictures of the negotiators were taken in the conference room; the president of the company sat with the conferees for these pictures. The parties discussed the question of whether to hold a "celebration dinner," but because of the continuing slump decided to forego this. A joint release was issued to the press reporting the successful proceedings, including the job-evaluation program. It noted how negotiations had been carried forward through a period of layoffs and shutdowns in Laurelton, resulting from the slump in the canned-food industry generally.

The press releases quoted spokesmen of the parties:

> A company spokesman declared that the negotiation of the 1947 agreement with Local 00 was satisfactory in every respect, that the union was fair and reasonable in their approaches to the many problems that face the industry at this particular time. A union representative said "Foods Italienne and Local 00 are in harmony upon all issues. I don't see how our relationship could be any better. Both sides were tolerant in negotiating the 1947 agreement."

Discussion Questions

1. Evaluate Mitchell's presession comments and his opening of the formal session, again to note a recurrent feature of what seems his general negotiating strategy.

2. From the verbal behavior of the parties, indicate how the company's decision on the retroactivity issue emerges as a way of improving relationships. Would you consider it also effective bargaining strategy, and why?

3. Evaluate the considerations weighed by the parties in their discussions over ceremonializing the success of their negotiations, and give your judgment upon their decisions in this matter.

4. Make a table listing the dates of the bargaining sessions and the times of their several openings and adjournments. Study the intervals between sessions and their varying lengths to spot "trends" as they move forward. Give your interpretations of differences between the earlier and later stages after making due allowances for valid interruptions, such as the Christmas holidays.

5. Indicate what, in your opinion, each side gave and gained in the final disposition of the retroactivity issue.

6. Canvass the criteria of wage determination which each party urged in support of its position on "economic" issues at these negotiations.

NATIONAL FOOD SPECIALTIES (K)

A YEAR LATER: PREPARING FOR 1948 CONTRACT NEGOTIATIONS

When Mr. Robert R. Mitchell received formal notice on October 30, 1947, from Local 00 of the Amalgamated Meat Cutters and Butcher Workmen of North America (AFL) of their desire "to make certain changes and amendments" in the 1947 agreement, he reviewed with considerable satisfaction the development of relationships under that contract.

He recalled what he had told his management associates when the current agreement had been signed on February 27. "If management administers this 1947 contract effectively," he had said, "the negotiations of our 1948 agreement will reflect in the behavior of the negotiators how much we have really accomplished." He felt considerable confidence that they were heading into relatively smooth sailing during the negotiations now opening up. Yet he recognized, too, the inevitable and natural uncertainties of the situation. There had been changes in management personnel. For long months in 1947, business had been in the doldrums; no less than 1,400 union members had had to be laid off before the pickup began about midyear. The Taft-Hartley Act had been passed, too, during the currency of the agreement.

Nonetheless, concrete, positive measures had been taken to promote adjustment and cooperation. Thus a series of 13 two-hour meetings on labor history and labor agreements had been organized, which the entire supervisory

force and many of the office division heads attended. Discussions focused on the factors behind the development of labor agreements, on the tactics and strategy of their negotiation, and on the requirements of living successfully with these agreements from day to day.

The men participating in these meetings began almost enthusiastically to "try out" what they were discussing. Management representatives on all levels began to inform the appropriate union representatives of pending developments about which the union might have a right or even an interest in knowing in advance what was going to be done, why and when.

The layoff furnished another unusual and revealing experience. The union was consulted at all times on the "who and how" of the layoff. During May, 1947, the plant started to operate on a more normal basis. The union assumed its full responsibility in making all recalls. Management considered the union officials in this matter, too, "decidedly fair and courageous."

At the time the Taft-Hartley Act was passed, a joint meeting of union and company representatives was called to discuss how the act might influence the union-management relationship. A study of the act was made by a company representative for management, and the union was fairly well informed by its international officers. These meetings, which were held from time to time, "took the mystery out of what the Taft-Hartley Act might do to us" and so also eased the way for the 1948 negotiations. For instance, when the union informed management it would desire renewal of the union shop in 1948, the company discussed with union representatives what would be required to attain this end under the new law, and helped lay the necessary foundation. After giving notice on October 30, 1947, of their desire to make changes and amendments to the existing agreement, the union representatives also started to get signatures on a petition for a union shop. A 100% petition was presented to the National Labor Relations Board for an election. Management agreed to permit the voting in the cafeteria of the plant and to cooperate in the election.

Under the first agreement, it was recalled, the union had developed the "quickie" walkout as a type of dramatic underscoring for protests or demands to be made. During 1947, and the currency of the second agreement, not one single work stoppage took place.

Shortly after receiving the union's notice of desire to amend the contract, the company selected its negotiating committee. Once more, as in the 1947 negotiations, management designated representatives of every primary function in the operation of the plant. A meeting was held with this group to portray to them what might be expected in the 1948 negotiation meetings. For only one of them, in addition to Mr. Mitchell himself, had engaged in the 1947 negotiations. A new plant manager had come into the picture in mid-1947, but he had so "sold himself" to the union group that he promised to be a real asset in negotiating the 1948 agreement.

Under date of November 5, the union mailed to the company three copies of their "Proposed Changes and Modifications" of the current agreement. Mr. Mitchell thereupon prepared an analysis of the union's proposals, which

he presented to management's negotiating committee for discussions prior to the opening of the negotiating conferences scheduled for November 12. Mr. Mitchell's analysis of the union's demands follows:

REVIEW ARTICLE BY ARTICLE OF LOCAL 00'S ORIGINAL 1948 PROPOSAL

[Mr. Mitchell's analysis indicated that the union was asking no, or very slight, changes in the Preamble and in nine articles of the 1947 agreement: Article 1—Purpose of the Agreement; Article 8—Leaves of Absence; Article 9—Adjustment of Grievances; Article 10—Terms and Conditions; Article 11—Company Rules and Regulations; Article 12—Uniforms and Work Clothing; Article 13—Bulletin Boards; Article 14—Access to Plant; Article 15—Termination of the Agreement.

The major changes asked in the six remaining articles he summarized as follows:]

Article 2—Union Recognition. The union has added a second and third paragraph which are entirely new. They would redefine "seasonal employees" so as in substance to bring them within the bargaining unit. For by giving "laid-off" or "transferred" permanent employees first right to seasonal work, the union practically would bring all people who work on the tomato line under union jurisdiction.

Toward the same end, they would redefine "employee" for purposes of the agreement as those in the "permanent" rather than the "bargaining" unit.

Article 3—Union Membership. Paragraph A has been slightly changed but does not alter the union shop. The union has made no provision for the proper claiming of the union shop under the Taft-Hartley Act.

Article 4—Hours of Work and Working Conditions. The union is asking again for time and one-half pay for all work performed on Saturdays and double time for Sundays, which is the craft idea for overtime for Saturdays and Sundays as such. New demands ask that all present seven holidays become paid holidays, while time and one-half in addition be paid for any of the seven on which a man works. The union omitted entirely the 1947 Paragraph F specifying plant protection, maintenance, mushroom picking, etc., as regularly scheduled work to be paid for at overtime rates on Saturdays and Sundays only when these constituted the sixth and seventh days worked in the established work week.

Paragraph G of the 1947 agreement, giving management right, where needed, to vary schedules, becomes the union's new Paragraph F which provides that "No changes as herein set forth shall be put into effect except by agreement with the union."

Article 5—Wages. They are asking for 14 cents across the board and 7½ cents, instead of the old 5 cents, for the second and third shift differential.

Article 6—Seniority. Paragraph A of the 1947 agreement has been completely changed to give unqualified plant-wide seniority.

The union's Paragraph I is 1947's N permitting management to use employees in any classification involving no restriction in pay but with this significant addition, "by mutual agreement between the Employee and the Company."

The union's Paragraph J is entirely new. It is the old effort to forbid foremen to perform production or maintenance work.

The 1947 Paragraphs G and L have been omitted entirely by the union. The effort apparently is to narrow management's rights in promotions generally as well as in utilizing specially trained employees.

Article 7—Vacations. The union has made complete changes so as to qualify all employees for vacations, whether working or not, who have the qualifying hours under A, B and C—*i.e.*, counting absences due to layoff, sickness, injury as time worked toward the minimum 1,600 hours giving eligibility for vacations.

Paragraph F has been added by the union. The intent seems to be to give eligible employees vacation pay due at time of layoff—if any!

It was arranged that the negotiation conferences would be held in the offices of the industrial relations division of the company. The following people were named to represent the parties (an asterisk before a name indicates that the representative had participated also in the 1947 negotiations):

For the Company

*Robert R. Mitchell, Director of Industrial Relations
James Hurst, Production Manager
Joel C. Bergman, Manager of Manufacturing
Paul L. Voss, Assistant Manager of Manufacturing
Alfred T. Stanley, Manager of Manufacturing, Employment, Health, Safety, and Training
Gerald C. Dewey, Manager of Group Insurance and Assistant Employment Manager
*Herbert Rogers, Manager of Warehousing
Adam Mueller, Manager of Raw Materials
Angus MacDowell, Acting Chief Engineer
Herman Van Buren, Manager of Maintenance

For the Union

*Thomas Wagner, International Representative
*Frank Schultz, President, Local oo
Arthur Holden, Vice President, Local oo
*Edward Parsons, Chief Shop Steward and Trustee
*Carl Yost, Shop Steward and Trustee
*George Page, Trustee
Ann Bremer, Recording Secretary and Stewardess
Nancy Lewis, Press Correspondent and Stewardess

Once again, an office stenographer made notes of the discussions at the negotiating conferences, from which summary minutes were prepared in terms of the outstanding exchanges on issues. Excerpts from these records, with Mr. Mitchell's comments, follow in the next case.

Discussion Questions

1. Discuss Mitchell's statement on the influence of contract administration upon negotiation.

2. List the changes in external and internal conditions impinging on bargaining at Laurelton which Mitchell felt might exert influence on the negotiations; then evaluate the measures taken to facilitate adaptation.

3. Does the experience of the year 1947 contain indices of improved relations; and, if so, what were they?

4. Review the union's proposals for the new 1948 agreement classifying the changes asked as (*a*) economic demands; (*b*) noneconomic demands; (*c*) demands apparently carried forward from the 1946–1947 negotiations; (*d*) "new" demands.

5. If you were a member of the management negotiating committee, would

you anticipate a "tough" negotiation by the evidence of these demands? Explain your answer. On which demands would you recommend that management (*a*) stand firm against any concessions; (*b*) seek compromises; (*c*) grant the essence of the union's objective?

NATIONAL FOOD SPECIALTIES (L)

THE FIRST SESSION: REVIEWING THE UNION'S PROPOSALS

[The meeting opened on November 12, 1947, at 2 P.M.]

Mitchell (m): I think first we should get some understanding on the wages to be paid the representatives of the bargaining unit represented here. If we go overtime in our meetings you don't get paid, but you don't lose anything during the meetings.

It is understood that either side can take a recess. When we come to any provision of the agreement, on which we can say that is acceptable, in substance, we mean that we have reached an understanding; but either side may withdraw its concurrence until we get into agreement on the total contract, because no agreement is final until the total has been reached. Now let's proceed.

[Mr. Wagner had asked Frank Schultz to read the union's proposal, but Schultz preferred not to read, so Carl Yost read the agreement.]

Yost (u): *Parties to the Agreement:* . . .

Mitchell (m): Skip that as O.K.; and Article 1, too.

Yost (u): *Article 2—Union Recognition:* . . .

Mitchell (m): Now we are getting down into pay dirt. Do you want to discuss that before you go on?

Wagner (u): I think we should.

Mitchell (m): You have added second and third paragraphs to the existing [1947] agreement which redefine the seasonal employee. To us, you have redefined the seasonal employee out and beyond the coverage granted by the National Labor Relations Board in giving you a bargaining unit. And in substance this would give you control over everybody that comes into the plant at any and all times.

Wagner (u): The only thing we tried to do is to clarify the provision so we don't get any arguments raised again like we had 6 weeks ago. We felt that if a regular employee is laid off and put on seasonal work he should not be classified as a seasonal employee. We did not mean to take anything away from the company. We still include in there that the season is "from July 1 to October 31."

Mitchell (m): We are the only company in the canning field having regular production during the tomato season. Every other concern in our competitive field closes down airtight during the vegetable growing season. They switch the people around and those not needed are sent home. We don't do that. We try to take those people from the lines which must be closed during

the season for one reason or another and give them the work available on the seasonal operations.

Wagner (u): We felt that those permanent employees transferred to seasonal work when some production lines were shut down should not be classified as seasonal employees, because they had passed their 45-day probationary period. Why were they classified as seasonal?

Mitchell (m): We had to treat them the same way as all others working on the tomato line. Where have you been hurt as a bargaining unit during the 1947 tomato season?

Parsons (u): On the catsup deal. What will prevent the company from making chili sauce next year and the next year tomato soup?

Mitchell (m): You can let your imagination grow on that. But it must be a matter of faith. Just how did your people actually get hurt?

Wagner (u): They were hurt to this extent that they didn't belong to the union, although they were permanent employees transferred to this seasonal operation.

Yost (u): They were told that they didn't have to pay union dues. The company would not check off dues from their pay.

Mitchell (m): That's right, Carl. That became a matter of control within the union. To check off dues while they were on tomatoes would be a confession on our part that that *operation* was a part of the bargaining unit. As loyal union members they could make any special arrangements personally with their organization.

Holden (u): Wasn't catsup a finished goods?

Mitchell (m): That is one of the points of contention. This company says that the making of catsup is a by-product of the tomato season, but that we give your people the benefit of labeling and anything that comes within the plant operation.

Parsons (u): At Marston's do they close down to make catsup?

Mitchell (m): Yes. I made a visit to their plants among others in the industry to see what our competitors did.

Wagner (u): This is our first agreement where seasonal employees are excluded from the bargaining unit. It has been a headache. In 1946 this company was hiring in December and January and saying those employees were seasonal.

Mitchell (m): We are standing on the record of the 1947 tomato season. Where did the union or members of the union get hurt? Be specific.

Wagner (u): We are talking (1) about regular employees transferred by the company and (2) seasonal employees excluded from the bargaining unit when they have passed their 45-day probationary period.

Mitchell (m): Our agreement differs materially from Marston's, Littell's, etc. They take full advantage of the 14-week exemption.[1]

[1] This reference is to Section 7, Subsection (*b*) (3) of the Fair Labor Standards Act, which exempts employees from the requirements of Subsection (*a*) (3) stipulating the 40-hour week "for a period or periods of not more than 14 work weeks in the aggregate in any calendar year in an industry found by the Administrator to be of a seasonal nature." During this exempt period such an employer must pay time and one-half for all hours worked over 12 per day or 56 per week.

[There followed a discussion of competitive practices on seasonal work.]

Mitchell (m): My feeling is that we owe it to all presently employed employees to give them all the work and money we can. We do not have the interest in these people outside your bargaining unit that we do in your group. We owe the bargaining unit members everything we can give in the way of continuous work. In these last 8 months Jim has done a grand job in stabilizing employment.

Wagner (u): Well, give this article a lot of consideration. We are only trying to protect our regular employees transferred over into seasonal work. It is not a question of jurisdiction over seasonal work. But we should carry jurisdiction over those who have served their probationary period and are transferred to seasonal work.

Yost (u): [Reads] *Article 3—Union Membership:* . . .

Mitchell (m): You changed the time within which new employees must become members of the union from 45 to 30 days. We are assuming that we will now make the commitment to go along with the union shop and to help maintain a union shop, even to providing a place where you can hold the election required by the Taft-Hartley Act. We will make available the cafeteria right around the clock. That is going to afford you the opportunity to get everyone on the job to vote, so that you will have a better chance to get the necessary 51%.

Wagner (u): Thirty days for new employees is stipulated in the Taft-Hartley Act.

Mitchell (m): That is the minimum. In other words, those agreements that say 10 to 15 days are out; the unions cannot demand that even if they get the vote for a union shop. Thirty days must be the minimum. Anything above 30 days is acceptable under the act. While you are on the question of this election, Carl, do you suppose you could get some voting booths down here, since you are a good Republican?

Yost (u): Holden [(u)] can do that because he is a good Democrat. [Laughter.]

Mitchell (m): I think you should get ready because the NLRB, after they accept your petition, acts pretty fast. Al [Stanley (m)], you'd better pick out a place against that north wall of the cafeteria and get the tables, et cetera.

Paragraph A, in substance, is what we had before. But the word "good" standing in Paragraph B is going to have to come out, and we'll have to put in "dues" standing instead of "good" standing. We cannot accept "good" standing under the Taft-Hartley Act as a cause for discharge under the union shop.

You should also draft an irrevocable assignment because each of your people is going to have to sign such an assignment of wages for union dues for one year before we can check them off. It is not too difficult to phrase one.

[Mr. Wagner gave to Mr. Mitchell a card with a draft of the irrevocable assignment to read.]

Mitchell (m): That is O.K. Want to go on, Brother Yost?

Yost (u): Yes, sir. [Reads *Article 4—Hours of Work and Working Conditions.*]

Mitchell (m): I would like to raise this question. What's wrong with our 1947 Article 4?

Wagner (u): We are asking mainly for two improvements: (1) for three additional paid holidays and (2) revision of the provisions of the old agreement for paying workers who work Saturday and Sunday.

Mitchell (m): What you are doing is removing all exceptions again from the 5-day week and going back to demanding premium pay for Saturday and Sunday as such.

Wagner (u): Aren't you paying time and one-half for Saturday work now as such?

Mitchell (m): No, only after 40 hours of work, with stipulated allowances. There may come a time when we will be able to consider the sixth and seventh day as such. But now we can't, because this company is not stabilized enough.

Wagner (u): Don't you feel, Bob, that if a man comes out to work, he should be given 8 hours' pay? If he doesn't get that through the week, then he must work 4 hours or so on Saturday straight time in order to get 40 hours in. That isn't fair either.

Mitchell (m): Tom, who else does it in the food industry?

Yost (u): Maybe if this company did it we would start something.

Mitchell (m): We are very young in the field. I don't see where you have been hurt under Article 4 in 1947—it has worked out very satisfactorily.

Wagner (u): It gives us only 4 paid holidays, and the employees who worked on a holiday were hurt by receiving straight time for that day worked.

Mitchell (m): That is the kind of business we have. We are in a competitive industry.

Parsons (u): Duffield's is a part of the competitive industry.

Mitchell (m): They're not competitive with us. How many paid holidays do they have?

Parsons (u): One. But Lawrence has 7 paid holidays and music during work. [Laughter.]

Mitchell (m): I think if this company had had fair earnings for this year they would go for more holidays. I say "I think," because we want to be a leader in the industry. But we don't want to be so far ahead of the hounds that the competitive industry can't see us. If we price ourselves out of the field, we'll both go down. We want to give the best wages and benefits possible. But we are already ahead in our field by the test of our whole agreement.

Wagner (u): Well, what is the verdict on it?

Mitchell (m): Let's pass it for a while, until we submit our proposal to you. We haven't done you any harm under Article 4.

On the question of wages, the article in substance is as it was before. But you have asked for 14 cents general increase. We will submit to you our

counterproposal. Yes, there will be some kind of wage increase but what it is we don't know. Only remember you can't pump water out of a dry well or get blood out of a turnip.

You have asked for 7½ cents for the second and third shifts as such. No others in the field do that.

Wagner (u): Bob, down in South Carolina they are celebrating Christmas today. You should be down there, maybe you would be in a giving mood then. So far you haven't given us anything. [Laughter.]

Yost (u): Where now? Oh, yes. [He reads *Article 6—Seniority.*]

Mitchell (m): We both discovered the seniority clause in 1947 didn't work. In something like 32 or 33 agreements that I helped to negotiate I have never seen a seniority clause work in the way the parties thought it would. What do you think is wrong with our present operation?

Parsons (u): What we have here in our proposal is practically the same thing that we are operating under now.

Mitchell (m): Oh, no! You have gone far out.

Parsons (u): Where?

Mitchell (m): For one thing on page 8, "I. Employees may be used, at the discretion of the company, in any classification or any occupation by mutual agreement between the employee and the company, where no reduction in pay is involved." You mean if an emergency comes up over here, and we must change the line, that we must ask the union and the employee? What if the employee refuses?

Parsons (u): Suppose there is a dirty job to be done, why should a man with greater seniority do it?

Mitchell (m): That is the kind of a place this is. If we must go around and solicit each person we might as well close up.

Wagner (u): Wouldn't you agree we both want to eliminate the so-called abuses? Providing for mutual agreement between the employees and the foreman of his section in such cases would do away with the abuses.

Mitchell (m): When the management doesn't have the right to make assignments on a temporary work basis, the union is going to be in management's shoes telling management what it can do and what it cannot do. Management must keep the right to move a man on temporary assignment so long as his rate isn't disturbed. A permanent job is different.

Wagner (u): As the 1947 agreement is written now this could be abused. There is nothing in it about a temporary basis or a permanent basis.

Mitchell (m): You must take the whole of the clause into consideration. You can't read just the one section in and of itself. A. "The oldest employees in the company shall have the preferred job based upon performance only, providing there is a job open or where the employee's job is out." I say that is essentially the only seniority clause operating in any company. The oldest person gets the job. That is what we are operating under now, except where an emergency job or a temporary job is concerned.

Parsons (u): What is an emergency job?

Mitchell (m): Any job within any 8-hour period where someone fails

to show up, someone is sick, someone is not capable of performing, things of that sort.

Tom, on this seniority article we tried to write up seniority provisions in the light of our 1947 experience. Here's the result: We cut out all departmental seniority and put everything on straight seniority plant-wide.

Parsons (u): That is what we thought we had done in our proposal.

Mitchell (m): Well, you eliminated Section G [promotions as a function of management, with union rights of discussion] entirely.

Parsons (u): Paragraph G doesn't mean anything anyway, that is why we eliminated it.

Mitchell (m): It is quite important we think. How many shop stewards do you need to assure top seniority; you won't need 50?

Schultz (u): We don't know just how many we will need. That is why we have specified 50 in case they are needed. Right now we are short two stewards for the Duff operation and one on the night shift.

Wagner (u): Will you retype this article on seniority as you propose it?

Mitchell (m): Before you go today we will give it to you. Regarding vacations, I don't think you need read your draft on that. You have qualified every employee, whether working or not, as soon as he has 1,600 hours in.

Wagner (u): If there is a layoff, those people should be given their vacation checks. Moreover, you don't allow for sickness, injury, et cetera.

Mitchell (m): Tom, there wasn't a single employee of ours who was sick or injured but what he or she was given a vacation check.

Parsons (u): You mean a person having 1,600 hours in when laid off isn't entitled to a vacation?

Mitchell (m): What is a vacation? You have it here as part of the wage structure, rather than a break after a year's work earned by stipulated service. Again, in the competitive industry we are way ahead of the field. There isn't anyone in the field who gives as generously as we do.

[The parties at this point reviewed vacation practices in competitive firms and exchanged comments on specific experiences of their own under the 1947 agreement.]

Mitchell (m): I suggest that we go on now, Tom. In your proposal on the *Adjustment of Grievances* [Article 9], there is a nice question raised there under the Taft-Hartley Act. You still specify the first step in adjustment as: "By a conference between the aggrieved employee and the foreman of the department involved; accompanied by the steward of his department. . ." The words "accompanied by the steward of his department" will have to come out as a printed matter because the Taft-Hartley Act says that an employee may seek the remedy of his grievance by himself at the outset. No one knows who is going to police this Taft-Hartley Act and we want to keep clear.

The rest of the articles in your proposal are O.K. I suggest that what we do now, Tom, is give you our counterproposal, which does not yet include wages; and by the next time we meet, Wednesday, November 19, we should have our counterproposal on wages, too.

[Three copies of management's counterproposal were given to the union committee.]

So, I suggest we meet next Wednesday.

[Meeting adjourned at 4 P.M.]

Mr. Mitchell's comments on this first negotiating meeting follow:

The attitudes and approaches of both groups were so different at this opening meeting from our initiation of 1947 negotiations that it would be difficult to identify the meeting as one in which the same union and the same company were participating. Throughout the meeting not a single personality was engaged in—and not a single recrimination. The union, in preparing its proposal, offered an explanation for every change sought. There was little window dressing and few dramatics.

Nonetheless after our first joint conference was adjourned, the Management group had a review meeting. No one of our group felt that a 1948 Agreement could be reached before perhaps sometime in late December, 1947, or early in January, 1948. However good the union's attitude, its representatives, I was reminded, had presented us with some, in fact many, deep-reaching demands.

Discussion Questions

1. Evaluate the three "understandings" with which Mitchell opens the negotiations as rules to govern these proceedings. Give your opinion of the policy of payment to the union's representatives. What are the uses of "the recess" in negotiation sessions?

2. Compare the issues regarding seasonal employees embodied in the union's demands in this negotiation with those of the 1947 negotiation. What seem the concerns of management, what of the union?

3. Discuss the impact of the Fair Labor Standards Act upon union-management dealings in the industry.

4. Describe the concrete issues brought out in this first review of the union's draft which involve adjustments to the Taft-Hartley Act, and evaluate the discussion between the parties.

5. Indicate the criteria each side urges for decision on the demands presented on hours of work, seniority rules, vacations, and wages.

6. Evaluate the suggestions and agreed procedures for the next session with which the parties close this meeting. If you had been present at management's review meeting after the session, what position would you have taken —and why—on the potential influence of general union attitudes vs. concrete union demands on the kind of negotiations for which your side should now prepare?

NATIONAL FOOD SPECIALTIES (M)

THE SECOND SESSION: REVIEWING MANAGEMENT'S COUNTERPROPOSALS—AND STOCKTAKING

[The meeting opened on November 19, 1947, at 2:05 P.M.]

Mitchell (m): How do you want to start, Tom?

Wagner (u): Inasmuch as you submitted a counterproposal, why don't we see how far apart we are on it and go on from there?

Mitchell (m): Since last Wednesday we have revised some of our thinking. I am wondering whether we ought to give you all of our revised thinking before we go into further discussion. We might be able to save time and you might get a clearer picture of where we really seem to be now. There are at least four such revisions of our proposals. They all involve money and we would like to talk about all of them as one package—and then talk about them one at a time: the question of vacation, the wage increase, holidays and the seasonal workers—the issue of seasonal workers involving money indirectly and the other three items involving money directly.

First, vacation—we have come around in our thinking and believe that we are going to give you even more than you ever dreamed of getting. Jim, do you want to talk to them on our vacation proposal?

Hurst (m): The basis of our proposal is that all persons who qualify for a vacation will be allowed to take it beginning with the first of January, 1948, and through to December 31, 1948, excluding that period of time during which the seasonal work comes. An employee qualified for a vacation but laid off for a period of 30 days or more, continuous days, may claim payment for such vacation. In other words, if an employee qualifies in 1947 for a vacation he can take that vacation any time from January 1 to December 31 of 1948, with the exception of the seasonal peak from July 22 through October 14. But if an employee is laid off for less than 30 days he cannot claim vacation payment during that short temporary layoff. For 1947, in consideration of the long slump we will make special provision to substitute 900 hours for the normal 1,600.

Mitchell (m): Explain, Jim, why you specify 30 days' layoff as the normal allowance.

Hurst (m): Certain times on overhaul of lines or on temporary layoffs we might lay off employees for 2 or 3 weeks, maybe only one week. By specifying 30 days of continuous layoff we will prevent employees laid off for short periods of time from coming in and asking for vacation payment.

Wagner (u): An employee must have 1,600 hours at least in the past calendar year to qualify for 1 week's vacation on January 1, 1948. In your paragraph B on vacations what do you mean by qualifying for 1½ weeks?

[At this point the union sought the precise meaning of this offer by asking the company to apply it to varying situations involving potential claims for 1, 1½, and 2 weeks' vacation in 1948.]

Mitchell (m): There is no catch in it. Take any type of situation you can imagine to see if it will work, remembering only that the clause now establishes the calendar year as the period in which 1,600 hours must be worked. We want to establish 1,600 hours as the fair and reasonable minimum of hours that the employees should have in order to qualify under general and normal conditions. This year we will use 900 hours to allow for the 1947 slump; we'll have a special stipulation to that effect. Next year we may *want* to go back to 1,600 hours as fair and reasonable if we have a good year in 1948; and we are hoping that everyone will be able to get at least 1,600 hours.

Wagner (u): If we could keep the qualifying date of March 1, the people who came in August would then have a chance to get the 900 hours in by March 1.

Mitchell (m): But we would not extend our proposal on that basis. One of the reasons why we are knocking off 700 hours is that we want to parallel the vacation with the calendar year.

Wagner (u): [after further specific potentialities had been explored.] I would like to have a recess of about 15 minutes.

[Recess for union from 2:30 P.M. to 2:40 P.M.]

Wagner (u): We will accept your vacation proposal with the stipulation on the 900 qualifying hours attached.

Mitchell (m): O.K. Now I would like to go to paid holidays, Jim.

Hurst (m): On the question of paid holidays we looked at the industry to see what it was doing and it seems to us fair and reasonable that we add 1 more paid holiday to our 1947 agreement. Under last year's contract you had 4 paid and 3 unpaid holidays. We will now offer 5 and 2. That should be a fair settlement as far as paid holidays are concerned, because a paid holiday is definitely a part of the wage structure and we think we can go along on 5 paid holidays for 1948.

Mitchell (m): Of course as in 1947 the union would have the right to select the holiday. That's on page 6, Tom, of our proposal. That would require that you cut out, under E, one of those unpaid holidays of 1947—whichever you select.

Wagner (u): There is another thing: You have added a paragraph about employees scheduled to work on holidays.

Mitchell (m): Yes. An employee called for work on a holiday, but who fails to come in, shall lose his holiday pay. Some of the boys say that next year they just won't come out when they are scheduled to work. That clause was put in there to settle the question. If an employee defies the management we should be able to do something about it. We don't want to discharge our good employees for not coming out to work on the holiday, but we think they should not get holiday pay if they refuse to work.

Wagner (u): Pay double time if called out to work on holidays. Then we will agree you can discharge those who refuse without good cause.

Mitchell (m): There cannot be any double time. The men will get their 8 hours for the holiday and pay for the hours they work.

Wagner (u): You can hardly blame an employee called out to work on a

holiday for straight time pay not liking it when an employee who doesn't work gets paid 8 hours.

Parsons (u): Say a mechanic plans to go away and the day before the holiday he is told he is to work. Then, if he doesn't come out to work, he loses his holiday pay, too.

Mitchell (m): You've got to draw the line some place.

[There followed a lengthy discussion in which the union argued that the company was demanding the right to penalize employees who refused to accept a call to work on a paid holiday by forfeiting his holiday pay, while refusing to penalize management via premium rates for work that should properly not be scheduled on such holidays. The management replied by pointing out that such holiday work actually was scheduled only to meet emergencies and that the company's holiday pay standards were well in advance of competitors. Both sides reverted to Labor Day of 1947 when maintenance men had been called to work, the union claiming that the repairs they did could have been scheduled on a regular workday or on Saturday, their sixth day, and the management claiming that, unless the repairs were done on Labor Day when the need was discovered, the whole force might have lost the next day's work.]

Mitchell (m): Well, what do you want to do, Tom?

Wagner (u): Pass it for the moment.

Mitchell (m): All right. Now we are down to the question of wage increase. Our wage structure here is predicated on three things: (1) what are we paying in relation to the average comparable work in the community; (2) what are we paying in comparison with competitors in the industry; and (3) —about which we are not going to cry—what is the ability of this company to pay. We feel that we should pay in keeping with the community and in keeping with the competitive wage. If we are not good enough to pay that then we should fold up and seek work elsewhere. Jim, will you carry on?

Hurst (m): It looks to me as if we are in pretty fair line now with the local industry scale and the prices, at the present time, of our product. However, any wage increase must be absorbed somewhere. I think by the cooperation between the union and management and the development in efficiency we did a pretty good job in absorbing the raise given the first of 1947. Any raise that comes in 1948 must similarly be absorbed through efficiency of employees and management, management just as strongly as employees. In consideration of that it seems that we can possibly give a wage increase of 7 cents across the board in the coming year to be met through the efficiency and cooperation of the union with us. Taking all the wage structure, including your paid holidays, I hope that we can absorb it by increased efficiency in production. If we don't or can't, then the old economic picture will return and none of us may be very healthy.

Mitchell (m): That would raise our minimum on women employees to 78 cents, on men to 88 cents.

Wagner (u): That would also increase in proportion all the rates in the

appendix attached to the agreement. In other words, it would be a general 7 cents an hour across the board.

Mitchell (m): That's right. However, it would apply only to the hourly wage rate of beef boners. They would stay on $1.54 per carcass incentive basis.

Wagner (u): How many beef boners are there?

Mitchell (m): Three.

Parsons (u): Is there 8½ cents differential between our plant and the car company?

Mitchell (m): All right; but let's look at that from the standpoint of the kind of skills our people have and those required by the car company. My guess is that 50% of our people on the minimum rate as laborers couldn't perform at the car company.

Parsons (u): What does Freighting Car Line pay?

Mitchell (m): I don't know that. Laurelton Machine starts at 86 cents; Chester Steel, at 87½ cents; Farmers' League, 65 cents.

Parsons (u): What about Lawrence?

Mitchell (m): I didn't get them; that is a deep dark secret. Littells' starts at 77½ cents.

Parsons (u): Their employees' rent is $12 per month.

Mitchell (m): Meadowfield, 75 cents.

Parsons (u): I would be willing to take that together with the $12 month rent, heat and everything.

Mitchell (m): On the profit side, it is pretty hard to pump water out of a dry well.

Parsons (u): Dig deeper. [Laughter.]

Mitchell (m): You cannot give that which you do not have, Ed; it is impossible.

Parsons (u): It seems to me that if the company could afford 7 cents last year they certainly can afford more than that this year.

Mitchell (m): We told you last year that, if we had not made the commitment to you, you would not have gotten what you did. The management would not go back on its word. Tom, do you want to go on?

Wagner (u): Yes, we will pass that up, Bob.

Mitchell (m): Now for the provisions on the seasonal work. We tried to put into language what we thought your declaration of intention was last Wednesday. [Submits to the union the company's proposed stipulation on limited and temporary seasonal work.]

Now in excluding seasonal employees in 1947, the agreement defined such an employee as one employed during the tomato season running from July 1 to October 31. To clarify this still further we propose to substitute the following definitions: "A seasonal employee is herein defined as being one employed for limited and temporary work directly related to the receiving, processing, packaging and shipping of perishable farm crops during their growing season. The season shall be from July 1 to October 31."

Wagner (u): The first six lines of that provision is O.K. up to the word

'processing." Then we'd like to include these words, "of fresh tomatoes and up to and including the canning of tomato puree." Include the packaging and shipping of tomato puree during the growing season.

Mitchell (m): In substance then you haven't changed it any from your original proposal. It is the same thing. The same horse, only painted and renamed.

Wagner (u): Not quite. We are willing to take your substitution up to "processing." The words "packaging and shipping of farm crops" is out. We are asking the company to take the last part of our paragraph of "fresh tomatoes up to and including the canning of tomato puree." Then this will take care of those regular people who were transferred during this season. How about that?

Mitchell (m): No soap. The company requests a recess.

[The company recessed from 3:33 P.M. to 3:40 P.M.]

Mitchell (m): On page 3, we would revise that proposal by striking out "perishable farm crops" and substituting "of tomatoes during their growing season." In other words, that takes out all the peas and other things that you say we might want to can.

Parsons (u): All but catsup, tomato soup, and chili sauce.

Wagner (u): You want regular employees transferred to seasonal work to be paid the rate of seasonal people.

Mitchell (m): Right.

Wagner (u): That's no good. Where do we go from here? Are you going to give the permanent employees preference?

Mitchell (m): Tom, are you trying to expand the bargaining unit to include seasonal work?

Wagner (u): In any of the Marston plants, if a regular employee works on seasonal work he gets his regular rate. But you want to take these regular employees, who are entitled to that work anyway before additional new employees are hired, and you want the union to say nothing about the wage rate that they are to have.

Mitchell (m): Tom, my understanding is that in the competitive industry they do not pay one penny of overtime on seasonal work. They get no overtime regardless of how long they work.

Anything else you want to talk about?

Wagner (u): There are three or four main issues: holiday pay, wages, and overtime. I checked on union membership under Section 83 of the Taft-Hartley Act. You requested 45 days. The act calls for a 30-day period.

Mitchell (m): That is the minimum. In other words, those agreements which specify 10 or 15 days are in violation of the act.

Parsons (u): Would it take more than 30 days to find out if an employee is any good or not?

Mitchell (m): It doesn't make that much difference now. I guess now we can go along with 30 days. Do you agree with that, Jim?

Hurst (m): Yes.

Mitchell (m): Wherever 45 days appears in our Union Membership

Article we will put in 30. That will make the probationary period 30 days too in the seniority article.

Wagner (u): Do you want to go from the beginning of this to see how we stand?

Mitchell (m): Yes.

Wagner (u): I'll just review the major accepted changes and the remaining differences.

Article 2—Union Recognition: Now, we are apart on the question of clarifying the definition of seasonal employees. *Article 3—Union Membership:* 45 days changes to 30 days and "dues" is put in instead of "good" standing, and take out "certified in writing." For checkoff, each member will certify on forms provided him. That's O.K. Now *Article 4—Hours of Work and Working Conditions:* we are apart on our demand for time and one-half for Saturday work and double time for Sundays and holidays. Nor are we together on the paid holidays as yet. *Article 5—Wages:* we are not together. *Article 6:* we have a question on this seniority. Bob, what's wrong with our request that assignment to equally rated jobs be "by mutual agreement between the employee and the company"?

Mitchell (m): No, we can settle that right now. There will not be any mutual agreement on decisions that inherently belong to this management.

Wagner (u): Then we will not agree to J of your proposal—that employees may be used on jobs involving no reduction in pay at your discretion.

Mitchell (m): Let us go on.

Wagner (u): There is also that question of foremen and foreladies doing production work.

Mitchell (m): Tom, we stand on the record, so why put that in there and start an argument?

Do you agree to the rest of our proposal on seniority?

Wagner (u): Yes, with the exception of your J. There was also quite a discussion about the requirement in your Section A, that seniority govern "provided the employee is presently competent to perform and does perform that work satisfactorily." Will you explain to the committee what that "provided" means to you?

Mitchell (m): That is the only way you can have plant-wide seniority. There must be a test by performance.

Wagner (u): That is true. If a man is going to bump someone he must be able to perform satisfactorily. You do not specify in there the time required to demonstrate competence to perform satisfactorily.

Mitchell (m): In a reasonable period of time. Most jobs can be performed within 8 hours and the other jobs would not take more than 10 days. It is in substance what we are doing right now.

Yost (u): We are thinking about the old employees.

Mitchell (m): Carl, we again stand on the record in our treatment of old employees.

Yost (u): In 2 or 3 days they could not perform on new jobs during the layoffs; but in 2 or 3 weeks they did a good job.

Mitchell (m): All right then, isn't that the answer? The rule of reason must prevail.

Yost (u): The soft jobs are running out for these old girls.

Mitchell (m): Carl, it is nice of you to remember that; after all we are not running an eleemosynary institution. Believe me there is a relationship between the money paid an employee and the work performed by that employee.

Yost (u): Yes, but we would like to protect them for a little while on the job. Are you satisfied the way it has been going along?

Mitchell (m): Yes.

Yost (u): Then I won't kick on that.

Wagner (u): All the rest of the agreement is O.K. We should ask for a couple more uniforms, but that's O.K. Now, if you give me seasonal employees and the clarifications on it, two additional paid holidays, time and one-half and double time for Saturdays, Sundays, and holidays, and 14 cents wage increase, we will be all right.

Mitchell (m): Tom, I really don't think we are too far apart; that is, we stay in the same 40 acres. When do you want to meet again?

Yost (u): Let's get it over with this week.

Mitchell (m): Tom, how about meeting tomorrow at 2:00 P.M.?

[Meeting adjourned at 4:20 P.M.]

Mr. Mitchell's comments on this second negotiation meeting follow:

At the very outset of this meeting, Management took the position of giving what it was ready to give. Yet when the meeting ended, it would seem that the parties were a long way off from an agreement. The discussions had gone along very smoothly, however; and for my part, I could see definite signs that we were going to reach an agreement soon. My colleagues, however, disagreed with me. Nonetheless, I thought well enough of our timing to be willing to hold a negotiation meeting the very next day.

Again, after the joint meeting, the Management Group held a bull session. Since most of the company negotiators were in their first negotiations, there was some high speculation going on as to where we were in relation to a final agreement.

Discussion Questions

1. Evaluate Mitchell's opening of this session as a tactic in his bargaining strategy.

2. Why do you think Mitchell asks Hurst to present management's "money proposals"?

3. From the summary of the discussions on management's vacation offer, indicate what you believe management was seeking to obtain in these revisions, what it was offering in return, and what the union was seeking.

4. What emerges as the shop problem of human behavior in the union's supplementary demand upon the company's offer regarding paid holidays?

5. Discuss the division of management's presentation of its proposals on wages, indicating your judgment upon the subject matter Mitchell chose to present himself, and that which he asked Hurst to present. Evaluate management's wage criteria. Give your judgment upon the effectiveness and validity of Hurst's presentation as a form of group communication.

6. Evaluate management's proposal on seasonal work as an effort to meet the valid needs of both sides.

7. Interpret the contract revisions made upon the basis of Taft-Hartley requirements as a factor in building relationships.

8. Give your evaluation of the stocktaking proposed by the union as a factor determining your position in the discussion after the session "as to where we were in relation to a final agreement."

NATIONAL FOOD SPECIALTIES (N)

THE THIRD SESSION: WINDUP AND AFTERMATH

[The meeting opened on November 20, 1947, at 2:35 P.M.]

Wagner (u): I think the best thing to do is go over your proposal once more and as we come to those articles on which we disagree we can argue them out.

Mitchell (m): Before we do that, Tom, we have some revised thinking to give you. Jim had a change of heart, and I do not disagree with him, on the paid holiday question. Turn to page 6, paragraph E, second paragraph in the last sentence, "if work is performed on these holidays employees will receive in addition straight time." Jim is willing to go along on this; "shall in addition receive time and one-half the straight time rate *for hours actually worked.*"

Parsons (u): In other words, if I come out and work 8 hours on Monday and Tuesday is a paid holiday but on call I work 8 hours, I get paid time and one-half plus 8 hours' straight pay. That sounds close to what we asked for.

Mitchell (m): All right. Will you give us that paragraph on it?

Wagner (u): Yes, we had a proposal to submit revising our demand for double time, but you have taken it right out of our mouths. Let's go back to the seasonal question and get that out of the road, too. In order to get a clarification of what a seasonal employee is, we suggest the following definition be made: "A seasonal employee is herein defined as hired for limited and temporary work directly related to the receiving, processing, packaging and shipping of fresh tomatoes during the growing season. The season shall be from July 1 to October 31." Am I right on that? That's basically your proposal as we finally got it yesterday.

Mitchell (m): We haven't anything but ripe tomatoes so why specify "fresh."

Wagner (u): O.K., we will leave it out. In addition to that you offered a stipulation. There is quite a debate on that. Could you give us the assurance like last year that the regular and permanent employees won't receive any wage cuts on seasonal work? If you can—and in addition all seasonal employees pay 50 cents a week as dues—I think we will finally get an understanding.

Mitchell (m): Tom, with 50 cents' dues you will be in violation of the Taft-Hartley Act.

Wagner (u): In what way?

Mitchell (m): In that they will be entitled to vote. You will have to include them in the voting that you are going to take now on the union shop; you cannot bargain for people outside the bargaining unit without their consent. The minute this company agrees that you accept 50 cents, then those employees become a part of the bargaining unit.

Parsons (u): What about the working card?

Mitchell (m): The working card is out under the Taft-Hartley Act.

Wagner (u): The only thing clearly allowed under the act is the dues; there is some question about initiation fees.

Mitchell (m): Yes, and in order to get dues through a checkoff, it becomes necessary that each employee must sign an irrevocable assignment of wages for one year. That would apply to seasonal workers.

Wagner (u): Bob, let's you and I take a look into this. We feel that the seasonal employees should pay 50 cents per week, same as the regular employees. If there is a possibility that we can collect 50 cents after the seasonal worker is here 30 days, will you go along on it?

Mitchell (m): I don't know; we will want to talk about that among our group.

Wagner (u): All right, but you see I am basing the proposal on the fact that a regular employee has 30 days before he becomes a member and pays dues.

Mitchell (m): I am just saying that if you are not careful you will get your neck out and destroy yourselves. You are getting pretty far from your base when you want to include the temporary seasonal worker.

Wagner (u): Another thing, on the permanent or regular employees, in the event you shut down production lines so that production employees work on tomatoes, what assurance will you give us on their wage rate? Under your stipulation you say, "the Union agrees that the rate of wage to be paid such temporary workers, although they be union members, shall be the responsibility of the company."

Mitchell (m): That's right. We, again, stand on the record of last year. We submitted those seasonal rates to the union for their information.

Parsons (u): What we want is your agreement to do the same next year as this year. If you needed them on the tomato line while their regular job was working, you paid them their regular rate. But if there was no work in their regular job, they had a choice of either working on tomatoes at the seasonal rate or going home.

Mitchell (m): We should do a better job in 1948 than in 1947 of giving our regular employees the work. The tomato season is an emergency season. You can take this past season as a symbol; after you have done things once, they are hard to get away from. I don't think we took advantage of you this year, but we must always have a certain amount of freedom in order to operate.

Wagner (u): Here is what the majority of the employees are afraid of. Say next July 1 or between July 1 and July 15 you get 500 truckloads of tomatoes. We know you must process them. On the other hand there is nothing to prevent you from shutting down six or seven departments if you cannot get enough seasonal workers. So you take these permanent employees and put them down on seasonal work at any rate you wish to pay them. There is nothing to stop you from doing that. We are not saying you have done it; we are not saying you are going to do it. But, you *could* shut down the entire production line and put regular employees on seasonal work.

Mitchell (m): We differ from most of the people in this field. We are primarily a production plant and not a processing plant. This company cannot survive on a basis of 6 months' production. It just cannot be done. If a time comes where we can shut down this plant on production for 6 months, or even 3 months, then we will all be looking for jobs, because this company cannot survive on that. We are not primarily a seasonal canning plant. I have been talking about our typical canners, but they, too, know that they must get into production, and as quickly as they can, all around the year, because otherwise they cannot hold their people. Where do they get their people for seasonal work? Wharton's took over a prisoner of war camp; they also bring in anywhere from 750 to 1,500 colored people and they have a little village next to the plant and within the confines of the plant where they have girls, that too is primarily a colored village. They are brought up from the South. They bring up about 10 plane loads of girls. This last year they brought up a colored girls' college from Georgia and put them in this camp. That is the seasonal workers that they have. Why? For two reasons: (1) they cannot go out and compete for this labor in the community, and (2) they don't want people in their community on a half-time basis. They run their season from April 1 when they start harvesting asparagus until December 1 when they harvest peppers. They are trying to get away from it. We are the only ones that produce, or try to produce, year around every month of the year.

Parsons (u): What do the seasonal workers do at Wharton's?

Mitchell (m): They make anything and everything.

Wagner (u): Marston has the same thing. The employees pay 35 cents a night to stay in cabins.

Parsons (u): Do they make catsup and everything?

Wagner (u): Sure.

Mitchell (m): They close down on regular production tighter than a drum.

Parsons (u): Do they make enough catsup during the tomato season to last the entire year?

Mitchell (m): I saw enough catsup at Wharton's and Marston's to last for the next 10 years, it seemed to me. They even took part of the cafeteria for storage and piled up catsup with canvas over it.

Wagner (u): On this stipulation, is there some assurance that we can get on these seasonal people?

Mitchell (m): I think you should stand on this last year's record.

Wagner (u): Then why put the stipulation in at all?

Mitchell (m): From a bargaining standpoint we must protect ourselves under the Taft-Hartley Act on the bargaining area.

Wagner (u): You are right; if I can't take your word for it, your signature doesn't mean anything. In other words, it is in here for a precautionary measure more than anything else. Will it be O.K. if we take a short recess?

[Union recessed from 3:25 P.M. to 3:42 P.M.]

Wagner (u): We have considered this question of seasonal workers. We think we can charge 50 cents per week after the workers are here 30 days. Will you see what you can find out on that under the Taft-Hartley Act? The other part of the clarification on seasonal workers we accept now. Again I will say it is not a matter of including them in the bargaining unit; it is for the purpose of having them pay some of the freight. I'll send a wire to our research department to look into it.

Now on *Article 4—Hours of Work and Working Conditions,* we will accept the sixth day at time and one-half and the seventh day at double time with five paid holidays and what Jim Hurst said on time and one-half on holidays.

Mitchell (m): In other words you accept Article 4 as is, with the 5 paid holidays and the time and one-half the straight-time rate for the holidays worked. Can you tell us what the 5 holidays will be because you will have to knock out one in the immediate paragraph above, leaving 2 unpaid holidays?

Wagner (u): We're adding Thanksgiving.[1] *Article 5—Wages.* The company proposed 7 cents an hour increase with the exception of the beef boners. Why are we excluding the beef boners?

Mitchell (m): Because they are on an incentive rate.

Wagner (u): Inasmuch as we offered, or rather asked, for 14 cents general increase, we will split the other 7 cents difference and make it 10½.

Mitchell (m): Tom, I don't know whether or not you know yet how we bargain. We don't split any differences on wages. We give the maximum that we can afford to give at the outset. You can depend on that.

Wagner (u): Maybe we also mean 14 cents when we say 14 cents.

Mitchell (m): O.K., if you mean it, you mean it. That is as far as we can go.

Parsons (u): A fellow can't get rich very fast on that.

Mitchell (m): No, you are right, Ed, you can't. One of the jobs in negotiating a labor agreement is to go out and try to sell management on what they should give when they cite their losses, and then try to sell the union on what they should take when they cite their needs. Tom, the real fact about the business is that this puts us at the top of our class in the competitive industry.

Wagner (u): You said the toughest job is to sell management. Do you wish to adjourn and see what you and Jim and your committee can do?

[1] The five paid holidays thus became, by the union's selection, New Year's Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day. The unpaid holidays became Memorial Day and Armistice Day.

Mitchell (m): That is the best we can do. No use kidding you by taking a recess. But we will give the 7 cents to the beef boners, on their incentive.

Parsons (u): Seven cents per carcass?

Mitchell (m): That is right. We will go to $1.61, because we can see where you might have difficulty if those few fellows felt they were being somehow excluded from the general increase.

Wagner (u): That is your final proposal?

Mitchell (m): That's right. We could talk to management until our eyes popped out.

Wagner (u): Well, then, we will hold that open. We cannot give you an answer until after our membership meeting.

Under *Article 6—Seniority,* a question was raised on the number of stewards. It was never discussed in the negotiations.

Yost (u): We don't have near 50 stewards now.

Wagner (u): The company raised the question; now is the time to iron it out.

Parsons (u): I don't think 50 is too many.

Yost (u): We had 38 at one time and needed more.

Mitchell (m): On that, we are not disturbed too much. You have not abused it. We think you should have enough to service your union and we just raised the question in connection with top seniority to get some idea of the limit.

Wagner (u): You have no objection to the 50?

Mitchell (m): No.

Wagner (u): Well, then, that's fine. *Article 7—Vacations:* as Jim Hurst said 900 hours would be the qualifying time, vacation period starts with January 1 to December 31, except that specified period of seasonal work, and on a layoff of more than 30 continuous days the employee can draw his vacation check.

Mitchell (m): Right.

Wagner (u): That's O.K. then. And all the rest is O.K., except that on one article we are deadlocked, that is on Wages.

Mitchell (m): Can we go back to seasonal work on the stipulation. Jim has raised a question that the word "unemployed" be inserted, to read "that unemployed employees of the union," etc. In other words, the unemployed members of the union shall have first consideration.

Wagner (u): We have a membership meeting tomorrow, Bob, and at the termination of that meeting we will give you our answer.

Mitchell (m): As soon as you find out, we will write the agreement in its final form. How many copies of the agreement do you want?

Schultz (u): Three.

Mitchell (m): One thing more: In 1948 we want to start something new in administering the agreement, and it is a big job for the Industrial Relations Division: When the union asks for management's interpretation of what the agreement means in some situation or grievance we will endeavor to give

you a written answer on our interpretation and application. That doesn't mean, however, that our answer is final. If you want, you can quarrel with it. What we want to do is get away from this "you said so and so." We want to put down what we are doing from day to day at the work level in certain cases. As I said, it is a big job but it is the only way that we can hit upon the kind of a plan that will help us to get along better in the future. Most of these things discussed here today, yesterday and a week ago Wednesday would be clarified considerably by that kind of a scheme. We will sit down with you and work out step by step how it is to be done.

Wagner (u): All right. Do you mind giving us a copy of these negotiation minutes?

Mitchell (m): The only thing, Tom, you must remember that they are only high lights and not a verbatim report. On that basis we'll see that you get a copy.

[Meeting adjourned at 4:14 P.M.]

Mr. Mitchell's comments on this third negotiating meeting follow:

> The management group reviewed the two previous negotiation meetings. We had something to give, and at the outset of the third meeting we again gave what we had to give.
>
> I could sense a feeling of acceptance on the part of the union that perhaps this might be the last meeting of the joint committees. And it so developed. The union had a membership meeting scheduled for Friday, November 21. This gave us a clue to a possible acceptance.
>
> On Friday night, November 21, we were informed that the union, in a membership meeting, had accepted the agreement.
>
> The negotiation meeting reflected the fine relationship of the union and management in the past year.

On the following Monday, November 24, President Frank Schultz, speaking for the members of the local, communicated formally at a final joint meeting of the negotiating committees the union's acceptance of the proposal the company "submitted to us on November 20."

The agreement itself was submitted to the union committee "for proofreading" on Tuesday morning. The following day, the parties affixed their signatures to the document and its special "stipulations" for 1948. As in 1947, President Ford P. Kennedy joined the committees at these "signing formalities." A photograph was taken of the assembled representatives as Mr. Wagner, for the union, was writing his signature on the revised agreement.

A joint press release was issued. The Laurelton papers headlined the "7 cents pay raise" and "the fifth paid holiday" granted "after brief negotiations." In their joint statement the parties said, among other things:

> Only three short meetings, totaling 5½ hours, were required by the representatives to reach an agreement on the new contract. Both union and management point to these brief and amicable negotiations as a symbol of their relationship during the closing year.

The National Labor Relations Board set January 6, 1948, as the day for the election on the union shop. Mr. Mitchell wrote on December 18: "There

does not seem to be much doubt about the outcome. The union has circularized forms authorizing an irrevocable assignment of wages for union dues for the year 1948. Only some three or four are yet to be heard from to make the entire workforce unanimous."

Under date of December 18, President Kennedy again wrote to Mr. Mitchell, commenting upon the progress in relationships. His letter to Mr. Mitchell follows:

Foods Italienne, Inc.

Laurelton, Pennsylvania

A Division of National Food Specialties, Inc.

Office of the President December 18, 1947

Mr. Robert R. Mitchell
219 N. Railroad Avenue
Laurelton, Pennsylvania

Dear Bob:

As the year draws to a close, I wish to commend and congratulate you on the splendid progress that this company has made within your area of responsibility.

I suppose that the signing of a satisfactory agreement with our union after only 5½ hours of negotiation is the most spectacular feature of the year's accomplishments. But I prefer to look beyond this to the job which had to be done day in and day out, week in and week out, through this entire past year, to solve our problems with our union on the spot, and at the time they occurred. This seems to me to have been the real cause behind the effect—which was a short, satisfactory negotiation.

I don't suppose that chronic conflict between the personnel man and the works manager is a great deal newer than the Industrial Revolution. Therefore, it is especially pleasing that you and Jim [James Hurst, plant manager] have gotten along so well in finding solutions for our problems. The cost figures bear witness to the fact that, in addition to each of you doing your own job, Jim has done a good Industrial Relations job and you have done a sound Production job.

May I wish you and Mrs. Mitchell and your family a very happy Christmas.

Sincerely,
/s/ Ford P. Kennedy

FPK:S

On January 6, 1948, as scheduled, the regional director for the NLRB held the "consent election" on the union shop at the cafeteria of the Laurelton plant. The official "Tally of Ballots" recorded the following results: Over 92% of the eligible voters in the bargaining unit cast ballots on the "proposition" (union shop). Over 95% of those voting cast their ballots "for" the union shop. Under the requirements of the Taft-Hartley Act, accordingly, the regional director certified that, "A majority of the eligible voters have cast valid votes for the proposition."

The day after the election, the officers of Local Union oo sent the following letter to Mr. Mitchell:

January 7, 1948

Mr. Robert R. Mitchell
Industrial Relations Division
Foods Italienne, Inc.
Laurelton, Pennsylvania

Dear Mr. Mitchell:

Kindly accept our sincere thanks for the wonderful cooperation extended to our Organization by your Associates and yourself in the recent election conducted by the National Labor Relations Board.

Personally, we feel the results of the election was, in reality, a vote of confidence for both the Company and our Union. As we embark on a New Year, we do so with the feeling of trust and confidence, with the full knowledge that Management and Labor shall enjoy a harmonious relationship unexcelled anywhere in the United States.

On behalf of the entire membership and myself, please accept our best wishes for your continued success.

Respectfully yours,
Frank Schultz
President

FS:bem

A week later, the officers of Local 00 invited Mr. Mitchell to give a course in labor relations for the union's officials and shop stewards.

Discussion Questions

1. Evaluate Mitchell's opening of this session—and Wagner's response to it.

2. Evaluate the resolution of the differences regarding "seasonal employees."

3. Would you endorse Mitchell's statement of the company's policy on wage bargaining? Interpret his probable reasons for making the concession on the beef boners.

4. Would you approve Mitchell's plan for written statements of contract interpretation as an appropriate technical procedure for the structure of relations he is trying to build?

5. How would you characterize the post-negotiation activities?

6. Review the impact of the Taft-Hartley Act in this negotiation and what followed and preceded it from the viewpoint of (*a*) specific adjustments and (*b*) underlying relationships.

7. Discuss President Kennedy's letter to Mitchell, giving your evaluation particularly of the interrelations he suggests between (*a*) successful negotiation and continuing relationships and (*b*) the plant manager and the manager of industrial relations.

8. If Mr. Mitchell asked your advice on his reply to the union's request regarding a training course, detail the pros and cons you would urge for his consideration.

FORD MOTOR COMPANY

NEGOTIATING THE FIRST POSTWAR AGREEMENT

I

The United Automobile, Aircraft, and Agricultural Implement Workers of America (CIO) won its first major agreement in 1937, when General Motors, on February 11, signed a contract with the union. Two months later, on April 6, the Chrysler Corporation began contractual relations through an agreement modeled closely on that with General Motors. But it was not until more than four years later, on June 20, 1941, that the last of the "Big Three" in the industry, the Ford Motor Company, signed up with the union.

Together with the steel industry, automobile manufacturing had come to symbolize for organized labor the "toughest" resistance to collective bargaining. Although unions sought foothold almost from the inception of motorcar manufacture—symbolically the International Union of Carriage and Wagon Workers (AFL) enrolled the first union members in the infant industry that was to end the "horse-and-buggy age"—it was not until the depression of the 1930's that organization made any real headway.

By 1933, however, hard times gave organization a new spirit. Favoring labor legislation accelerated developments. The years that followed saw workers moving in and out of many different kinds of unions—company unions, craft organizations, and industrial unions, both affiliated and independent, federal locals, grievance agencies, etc.—all of which competed one with the other.

The finally dominant organization of today had its origins in 1934 in an amalgamation of AFL federal local unions, chartered the following year as the United Automobile Workers of America. The CIO also was launched in 1935, and the UAW speedily transferred its allegiance (in July, 1936). From that time on, the union's organizing policies became increasingly aggressive.

The leaders of the auto workers were young, unseasoned recruits to unionism, themselves employees in the mass-production plants or intellectuals who had been forced into industry from college by the depression. They shared the feelings of their rank and file for rapid, militant, novel strategies that would finally batter down the opposition of their employers to organization. Often indeed the rank and file forced the pace, initiating strikes and introducing tactics that perturbed their leaders.

Nonetheless, the "quickies" or short, localized stoppages the men were utilizing in 1936–1937 soon proved a prostrating form of pressure in the highly mechanized, interdependent industry, as suspension of one department forced shutdown of the whole plant, and often also of other plants. Next the workers employed the sit-down strike. After several turbulent weeks that startled the whole country, the union in February, 1937, won recognition from "besieged" General Motors. Thereupon sit-downs swept through the industry.

Naturally Ford was not unaffected by these developments, but only after

four more years of bitter struggle did the company yield. The fight embraced every clash familiar to the no-quarter battle for union recognition. The personnel manager at that time, Mr. Harry H. Bennett, directed the fight against the union. One of the famous clashes became known as the "Battle of the Overpass" when guards fought union men who were attempting to enter Dearborn. The National Labor Relations Board ruled the company guilty of unfair labor practices. The company appealed to the courts, and when on February 10, 1941, the United States Supreme Court refused to review a circuit-court decision upholding the Board on most points of its ruling in the Dearborn case, the lengthy, bitter conflict neared its close.

Yet even from February to June, the path to eventual agreement proved rough going. Discharge of union committeemen evoked a strike in April at the River Rouge plant which was ended after ten days by the intervention of the Governor. On May 21 a representation election at the River Rouge and Lincoln plants gave the union an overwhelming mandate; less than 4% voted againt the UAW.

When the first agreement was signed on June 20, 1941, it became evident that, having now accepted the union, Ford would go "all-out" to establish good relationships. The agreement covered all Ford plants. It made Ford the first motorcar manufacturer to grant the union shop and the checkoff. Wages were to be at least as high for each type of work as those paid by the major competitor, which was to be named by the union.

The first months under this agreement evoked from management expressions of disappointment, particularly because of the large number of illegal walkouts and the continuing turbulence of shop relations. In the meantime, defense production had been launched by the nation, and soon thereafter the needs of the war engulfed Ford as other Detroit manufacturers. The joint agreement was renegotiated and signed on November 4, 1942; subsequent supplements were added on May 10 and June 6, 1943. The supplementary agreement of May 10, 1943, was titled the "Umpire Agreement." It established the office of permanent arbitrator as the final step in the settlement of grievances.

With the war's end, Ford and the union, as in so many other basic manufacturing sectors of the economy, faced not only the problems of conversion to peacetime production, but also the tasks of promoting the long-term relationships of "normal" collective bargaining.

II

On January 9, 1946, Henry Ford II addressed the annual meeting of the Society of Automotive Engineers in Detroit on "The Challenge of Human Engineering." In the course of his address, he expressed the conviction that "there is no reason why a union contract could not be written and agreed upon with the same efficiency and good temper that marks the negotiation of a commercial contract between two companies." The company at the time was in process of negotiating its first postwar union contract to cover about 120,000 workers.

Conducted in the context of the tensions that followed V–J Day, the negotiations naturally attracted a great deal of attention. They began during November, 1945, in an exchange of letters between the union and the company that laid the groundwork for the actual bargaining meetings. On November 15, 1945, the company replied to the union's proposed contract amendments and its demand for a 30% increase in wages by presenting a list of 31 specific changes in the contract. They included such proposals as general revision to yield more logical and cohesive arrangement of all contract provisions; more accurate enumeration of categories of employees excluded from contract coverage; prohibitions of union coercion as well as company coercion upon employees; company "security" against work stoppages and for increased worker productivity; more inclusive reservations of management rights; reduction in numbers of union committeemen and payment for the time spent on grievances by the union; initial submission of grievances to foremen; modifications in seniority provisions, and various other proposals.

Excerpts from this communication follow:

We want in this letter to state our general position on the question of wage increases at this time. We also draw your attention to circumstances which threaten company security. These circumstances have led us to Proposal Number 3 in the attached list.[1]

The Ford Motor Company is today paying the highest wages in the automotive industry. We will pay higher wages whenever we are sure that we can pay them and still maintain this company as a sound and growing business. We want always to be able to pay the highest wages in the industry.

We do not believe that this is the time to attempt to settle on general wage increases. They would have to be based on guesses of what our volume of production and our costs are going to be, and on guesses as to what earnings—if any—we may be able to make. We feel that a general increase such as you propose would amount to a very heavy mortgage on the future of all of us—the Ford Motor Company and its employees alike.

We are now finishing reconversion and shooting as hard as we can toward maximum production. Every dollar of company profits during the war years is already committed to plant expansion, improvement of working conditions and installation of methods and machines to gear our operations to sharp postwar competition. Today our materials are costing us more than they ever have before. More important, our work productivity per man is at the lowest mark ever.

The wage rates we will be able to pay will, after reconversion is completed and we have reached volume production, depend entirely on these two questions: Whether we are able to keep other costs down while obtaining better productivity from our employees. . . .

The company agreed in 1941 to the union shop and checkoff provisions. Its purpose in so doing was not only to give the union the benefit of membership and financial security, but to eliminate a great deal of friction, dispute and downright industrial strife.

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[1] This proposal was worded as follows: "The Company proposes that the Union present a plan to be incorporated in the agreement, which will assure the company security through the exercise of union responsibility, which the union shop and checkoff have not provided; further, that such plan provide effective guarantees against work stoppages and for increased productivity on the part of its members."

In return, the company was assured by union representatives that it would receive greater security and that disturbances of the type then prevalent in other plants would be avoided. . . .

Our experiences in the last four years have substantially dispelled this hope. The peaceful relations have not materialized. The experiment has been an unhappy one. The record shows, for example, 773 work stoppages since the signing of that contract in 1941.

During this period, the cost to the company of maintaining the checkoff system has been huge. Last year, for example, the company spent $2,814,078.36 in the Dearborn area alone to collect these dues and fees, and to pay more than 1,000 union men in the company's plant who spent all or part of their time handling union business.

From August, 1941, through October, 1945, the company collected for the union in dues, initiation fees and special assessments a total of $7,799,924.65.

Last year the union's income through the checkoff system was $2,050,563.71.

The result has been that the union has had membership and financial security, but the company has had no compensating security. . . .

The company accepts the principle of union membership for its employees and collective bargaining with union representatives. But if we are to reach production efficiency essential to our common objectives, we must insist upon guarantees by the union against work stoppages and losses in productivity.

Our record since 1941 indicates that these guarantees have not in fact been provided by the union shop and checkoff. We therefore propose that you come to our forthcoming negotiations prepared to give us some better plan for giving the company the same degree of security as we have given the union itself.

Because a majority of the company representatives who will attend the negotiation meetings have other pressing duties, the company proposes that the committee representing the company and the union meet on alternate days, beginning Nov. 29.

We suggest that the meetings be held from 1:30 to 5 P.M. the first week, from 9:30 A.M. to 12:30 P.M. the second week, and follow this alternate schedule until negotiations are concluded.

In reply to this letter, Richard T. Leonard, national director of the Ford Department of the UAW–CIO,[1] wrote:

The statement issued to the press today by the company is a union-busting, irresponsible and strife-provoking document.

The company's statement makes it clear that the Ford company has joined the conspiracy of profit-swollen corporations to perpetuate present starvation wages or open the gates to inflation through unjustified price increases. . . .

We had hoped that our differences with the company would be peaceably adjusted during negotiations, but the company, without waiting for negotiations to begin or making any attempt whatever to determine if our problems could be settled by collective bargaining, comes out with a wild and threatening attack upon the union.

This is certainly not bargaining in good faith. The only interpretation we can put on the statement is that the company is anxious to provoke a strike. . . .

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[1] As in the 16 other corporations operating more than one plant where UAW–CIO members are employed, the union "department" for Ford is paralleled by a National Ford Council. Each department specializes in negotiating with the corporation which it covers and in handling appeals in grievances not settled in the branch plants. Each national council, composed of delegates from the local unions functioning in each multi-plant corporation, meets to discuss and act upon union policies relating to its respective company.

The attitude of the company is medieval. It says that it won't discuss paying a living wage but at the same time it expects more effort from the workers. We say that the living wage comes first—as it must—and that we are determined to get it.

Workers enjoying a decent wage will produce everything that is needed. There won't be any production problem. Our production in wartime was no fairy tale, as the fate of the Nazis and Japanese attests.

This is the time for better wages but it is exactly the wrong time to discuss greater production. The company is still engaged in reconversion. Volume is low. It is impossible at this time to compare productivity against a peacetime period of volume production. When production gets into full swing then it will be possible to make an analysis of individual or group productivity. We are satisfied that such an analysis will show that Ford workers are putting in a very fair day's work.

The company recently purged its managerial staff. One of the chief reasons for this purge of top management was to get men into the Ford plants who can organize productive efficiency. That's tantamount to an admission that the company's production problems were the result of managerial inefficiency. . . .

The company says it wants "company security" in exchange for union security. Since the company keeps its financial affairs largely a secret it's hard to tell how much "security" the company has. We do know that the company's assets are now well over a billion dollars, having increased during wartime by more than $300,000,000.

That looks like pretty good security. Contrast it with the shocking lack of security of the Ford workers. . . .

The company claims its security has been injured by work stoppages since 1941. There is a very simple way to avoid work stoppages. That is to stop provoking them. Every work stoppage in Ford plants has been provoked by the unfair practices of management. . . .

We also challenge the statement that there have been 773 stoppages since 1941. That is the grossest kind of exaggeration. The company must have blamed on the union every occasion in which management closed down a department, a section of a department, a plant, or sent a handful of workers home.

In this connection we point out that the company boasted about the production of its workers when Army-Navy "E" awards were made. Maybe it was pixies that did the work.

The company's statement on collection of dues and assessments is distorted and misleading. The UAW–CIO dues are $1 a month and there are very few assessments and they are never more than a dollar.

The company also makes a misleading complaint about the costs of union committeemen engaged in union business. It conveniently forgot that whenever a committeeman is on union business he is also directly engaged in company business. Or would the company say that its labor relations is none of its business?

The company spent far more on "labor relations" prior to the union than it does now. The company spent ten times as much money on several thousand nonproductive employees and servicemen whose only function was to keep out the union by spying, sabotage and brute force.

III

From the outset, the company insisted that an agreement must be reached on the question of company security before wage discussions could begin. The original company plan projected clear-cut union responsibility for unauthorized work stoppages; by its terms the union would be required to guarantee payment of $5.00 a day for each worker participating in such a

walkout. On December 10, in reply to this initial suggestion, Richard T. Leonard declared:

We oppose the company's proposal because we are convinced it wouldn't work. In addition, it would be a device that could be used to break the union. . . .

It simply is not humanly possible to guarantee that there never will be a wildcat strike. Human beings are emotional and complicated—and when there are 80,000 or 90,000 as there are at Rouge—it is just not sensible to assume that things will never get out of hand.

Nor is there any guarantee that members of supervision will not provoke strikes. They have done so in many instances. The company cannot always control all members of supervision.

There are also individuals who do not like either the union or the company. By instigating a wildcat strike they could injure both the union and the company if the proposal went into effect.

There are also irresponsible individuals who act before they think. Whether their grievance is real or fancied is largely irrelevant. Such people are not going to be concerned by the fact that the union might have to pay heavy damages for their action.

There have not been anywhere near 773 unauthorized stoppages [since 1941] and most of those which have happened have been of a minor character. Nevertheless, we say also that there have been too many of them.

The experience of the last seven months has shown a vast improvement and we are confident it will continue to improve.

We are convinced that the way to reduce such stoppages to the minimum is to penalize the individuals who instigate wildcat strikes. The other side of that penny is to put an end to provocation by management supervisors. . . .

The union negotiators are willing to support a proposal that punishment for instigators of wildcat strikes be swift and sure.

The counterproposal offered thereupon by the union follows:

(1) Any employee or employees found guilty of instigating, fomenting or giving leadership to an unauthorized stoppage of work shall be subject to discharge.

(2) Those workers who are charged with participation in (as distinguished from instigating, fomenting or giving leadership to) such unauthorized stoppages and whose guilt has been determined by the umpire shall be subject to penalties, not to exceed the following:

First participation penalty—fine—$3 for each day of the stoppage (or major fraction of any subsequent day).

Second participation penalty—fine—$5 for each day of the stoppage (or major fraction of any subsequent day).

In the event of a financial penalty, the company shall deduct the fine from the earnings of the worker involved. It is agreed that all fines levied under this section shall be donated to the President's Infantile Paralysis Fund.

(3) The Company therefore agrees, for itself, its supervision and representatives:

That they shall not, either by language or conduct, engage in any provocation leading to such an unauthorized strike.

(4) That upon complaint and proof by the union of the violation of any of the terms or the spirit of this agreement, the company shall promptly impose appropriate financial penalties upon those representatives of the company responsible therefore, it being understood that in the event of dissatisfaction by the union with the disposition of such charges the guilt or innocence of the accused and the penalty to be imposed, including the penalty of discharge, shall be determined by the Umpire.

The reply of the company to this union proposal follows:

As we told you, the plan which you presented at our last meeting for giving the Ford Motor Company increased security against unauthorized work stoppages is a hopeful step forward in union acceptance of its responsibilities, for which you are certainly to be commended.

We are giving your proposal sincere and careful study, and it will be several days before we can form an intelligent judgment as to its workability.

As you realize, it varies basically from our suggestions to you along this line. We proposed that the union itself take financial responsibility for unauthorized work stoppages. Behind this suggestion was the feeling that what was required was some insurance that the union itself would exercise control over the conduct of its members—a control which we believe you must have if we are to move forward in the conviction that both the company and the union are going to live up to their agreements with each other.

Instead of this, you now propose that the individual worker be made to take this financial responsibility.

Also there is some doubt as to our legal right to penalize individual workers and this point we must examine with some care.

In the meantime, we are now prepared to start the second phase of our discussions—the proposals you have made to us for an increase in wages. . . .

[The company statement then reviewed the original position regarding claimed differentials at Ford's, the problems of reconversion, and low productivity.]

Between January, 1941, and July, 1945, we granted wage increases totaling 36.65 per cent (this does not include "increases" in the form of vacation pay and shift premiums). We are today paying on the average wages 7 per cent higher than the average wage of the next highest among our major competitors.

Even though there is no increase in wages, and even though we reach maximum production of motor cars and trucks during the calendar year of 1946 we will, at present OPA prices, and even with an increase of 16 per cent in the present low rate of individual productivity, lose about $27 on every motor car and truck we make—or a total of about $35,000,000.

It is inevitable, therefore, that our discussions on wages must consider our joint ability to increase the productivity of the employees in this company and upon our ability to get into full production. We hope that you will approach this basic problem with us with the same constructive thought which you and your associates gave to the question of unauthorized work stoppages.

IV

Ford's first official wage offer was announced on December 18, 1945, in a statement which again restated the company's basic objective "to arrive at workable and equitable solutions to the problem of wages and the problem of company security which involves worker productivity and unauthorized work stoppages." The statement proceeded as follows:

On the other hand, you have repeatedly maintained that these statistics do not answer the pressing and real problem of the employees you represent—the problem of meeting family budgets without the overtime pay taken home during wartime.

Theoretically, we could ask the Government to raise ceiling prices enough to cover a wage increase. We do not think it wise to go that road at this time, because present Government policy is based on the belief that only rigid adherence to OPA ceiling prices can prevent inflation.

That puts the problem squarely up to the Ford Motor Company and its employees. Unless we give up the problem as insoluble, we have no alternative but to take a gamble.

The management of the company has done its best to calculate carefully the risks in such a gamble. It has decided to risk an additional $33,000,000.

Behind this important decision is our belief that we may be able to win these things:

1. The confidence and cooperation of our employees.
2. We can stay in production and keep men employed.
3. In prompt all-out production we can sharpen our production skills and efficiency to meet and beat competition.
4. We may help to break the log-jam of postwar mass production.
5. By bringing the supply of new cars up to demand, we can do our share in halting inflation.

Therefore we propose:

1. That a wage increase of 15 cents per hour be granted, this increase to become effective at the beginning of the calendar month during which total production reaches a volume of 80,000 units, including Fords, Mercurys, Lincolns and trucks.

(This represents a 12.4 per cent increase in our present average wage and approximately 21 per cent more than the present average of our major competitors.)

2. That these new rates remain in effect for two years from the date they become effective.
3. That this proposal be made subject to agreement on the following items involved with the problem of company security:

A. Elimination of unauthorized work stoppages.
B. Management prerogatives.
C. Reduction of the number of union committeemen.

4. That if the OPA should raise price ceilings on our products, such action shall not be made the basis for additional wage proposals by the union.

This wage offer was rejected by the union as "completely unacceptable" and "full of jokes."

At the same time, a new company security plan was also suggested by the company. It provided that instigators of wildcat strikes be subject to summary dismissal, subject to appeal, and that participants be fined $1.50 a day for the first offense and $2.50 for the second one. These amounts were to be deducted from the wages of the offenders and turned over to some organized charity, and the union was to be liable to Ford for an equal amount of wage deductions to be taken from the amounts collected by the company under the checkoff system.

Negotiations were recessed until January 7, 1946.

Throughout the negotiations the union had been stressing the benefits that would accrue to the company if Ford would become the first major producer to conclude an agreement. By such pioneering, the union representatives argued, the company would win highly valuable goodwill.

As January drew to a close, rumors of an impending agreement at Chrysler's began to spread. Thereupon Mr. Leonard hurriedly invited the negotiating committee to meet in "emergency session." The committee on January 26, 1946, announced agreement upon a wage increase, "beating" a similar announcement from Chrysler by a few hours. The Ford negotiations established

a wage increase of 18 cents per hour, working out to about 15%; Chrysler granted 18½ cents per hour, or about 16%. At the same time, Walter P. Reuther announced for the G. M. workers, then in the 67th day of their strike, that they would not settle for less than the 19½ cents an hour recommended by the President's fact-finding board.[1]

The full contract at Ford's was not completed for another month, becoming effective on February 27, 1946, and running to May 30, 1947. Comparison of its terms with those of the agreement it superseded revealed many changes: the revisions tightened the scope and coverage of the central provisions, marked the transition to permanent continuing joint relationships, and spelled out mutual rights and obligations with explicit particularity.

V

The major innovation of the 1946 agreement was embodied in its Article V, titled "Union Responsibility." The verbatim text of this article follows:

Article V

Union Responsibility

The Union recognizes that the primary objective of the Company in entering into this Agreement is the promotion of orderly and peaceful relations with its employees and the attaining of efficient and uninterrupted operations in its plants.

It is recognized that this contract is intended to set forth the rights and obligations of the Company to the Union and the employees it represents, and that the grievance procedure set forth herein gives the Union members full and complete redress for any grievance arising from this Agreement.

To protect the Company against violation of this Article, the Union agrees as follows:

Section 1. The Union and its members, individually and collectively, agree that during the term of this Agreement, they will not participate in any strike in respect to any controversy, dispute or grievance,

a. Which may properly be considered under the grievance procedure provided herein and which may be finally determined by the Umpire, whose determination with respect to such matters shall be conclusive and binding on the parties as specifically provided.

b. Which may relate to any matters specifically provided herein as Company responsibility, or committed to the Company's discretion, as to which matters the Company has the express right to determine and decide.

c. Which has as its objective an avoidance of the effects of a decision of the Umpire or of obtaining a change in or addition to this contract or any agreements supplementary thereto so long as this contract remains in force.

Section 2. For the purpose of Section 1, the term "strike" includes a sit-down,

[1] On May 8, 1946, Mr. Leonard, speaking before the Industrial Relations Council of Metropolitan Boston, explained the settlement in part by saying, "We did recognize, however, that management had a financial problem which was concerning them to a very serious extent. We took that into consideration when we settled for 18 cents. We also took into consideration the differential in the wages paid at Ford and those paid at General Motors and Chrysler. . . . The company's representatives said that the average Ford rate is nine cents above General Motors and seven or eight cents above Chrysler. I do not know if the differential is quite that much, but I am satisfied that it is not less than 5 or 6 cents. That, of course, represents a lot of money when you consider that the company employs well over one hundred thousand people."

stay-in, slow-down, walk-out, curtailment of work, stoppage of work, interference with work, stoppage of any of the Company's operations, or picketing of any of the Company's plants or premises.

Section 3. In the event of any controversies, disputes, or grievances relating to the matters other than those specified in Section 1 hereof, the Union and its members, individually, and collectively, agree that they will not participate in any strike until the specific issues in dispute have been presented in writing by the National Ford Department and negotiations have continued with respect thereto for a period of fifteen (15) working days and until strike action has thereafter been fully authorized as provided in the constitution of the Union, upon the issues as presented to the Company. In no event shall the strike take the form of a sit-down, stay-in, slow-down, or comparable curtailment of work as contrasted with a walk-out.

Section 4. Any strike contrary to and in violation of Sections 1 and 3 above, shall be deemed to be an illegitimate strike for the purpose of this section.

Section 5. In the event of an illegitimate strike:

a. Any employee or employees found guilty of instigating, fomenting, actively supporting or giving leadership to such illegitimate strike shall be subject to discharge. In the event the penalty of discharge is invoked and the affected employee denies his guilt, the Local Union having jurisdiction may conduct an immediate investigation to determine the guilt or innocence of the discharged member. If the Local Union's investigation substantiates the Company's claim, no grievance will be filed in respect to such discharge. In any event an investigation must be conducted prior to a grievance being filed.

If the Local Union's investigation does not substantiate the Company's claim, a grievance will be processed in accordance with the grievance procedure as hereinafter outlined, but only for the purpose of determining the guilt or innocence of the employee. The Umpire shall have no authority to modify such penalty with the sole exception that if he determines the employee not to be guilty of violation of this sub-paragraph, but to be guilty of participation in such illegitimate strike, he may reduce the penalty to that appropriate for such participation.

b. Any employee who participates in an illegitimate strike but who is not guilty of instigating, fomenting, actively supporting, or giving leadership to such strike, shall be subject to the following penalties: First offense—reprimand to two weeks' suspension; second offense—reprimand to discharge.

In the event discipline consists of suspension, Management shall have the sole discretion as to time such penalty shall be applied, but shall be required to give notice of alleged guilt and extent of penalty to the employee and his committeeman within seven (7) days from the date of the alleged offense.

Hearing on appeals under sub-paragraph (*b*) of this paragraph shall be held before the Umpire within fifteen (15) days after penalty is imposed, regardless of application date, to determine the guilt or innocence of the employee involved.

Employees guilty of two or more offenses of participating in an illegitimate strike shall be treated as instigators and the provisions of sub-paragraph (*a*) of this paragraph shall be applicable to them.

If a grievance is to be filed under sub-paragraph (*a*) of this paragraph, it must be filed within five (5) working days of the discharge and shall be negotiated between the Company and the Review Board within fifteen (15) days of filing. In the event a satisfactory disposition of the grievance is not arrived at within that period, then such grievance shall be referred directly to the Umpire and be heard by him within fifteen (15) days following the disposition to the Review Board.

Participation in illegitimate strikes occurring prior to the date of this Agreement shall not be counted for the purpose of determining the number of participations under this sub-paragraph.

The Company has agreed to withdraw its demand for financial penalties in cases of illegitimate strikes or work stoppages upon the Union's representations

and assurances that it would exert every possible effort and means at its disposal to stop or to reduce to a negligible minimum such illegitimate strikes through its regular Union procedures. However, if the experience between the execution date of this Agreement and May 30, 1947, shows that the Union either cannot or does not so reduce such work stoppages, then at that time the parties may renegotiate this Agreement to include a clause providing for financial penalties.

Discussion Questions

1. Review the problems faced in initiating their first postwar negotiations from the viewpoint of (*a*) the company, (*b*) the union, (*c*) your own evaluation as a student.

2. What seem to have been the chief objectives of the company and of the union in these negotiations from the viewpoint of (*a*) immediate goals and (*b*) continuing relationships?

3. Review critically the strategy and tactics pursued by each of the parties in promoting its objectives.

4. Analyze the strategy advanced by each of the parties in the various letters and proposals exchanged between the two.

5. Why had the security granted the union in 1941 failed to result in compensating security for the company? What do you think of the various proposals of both company and union representatives to guarantee company security?

6. Summarize the provisions of Article 5—Union Responsibility—written into the 1946 agreement. In what respects does this article represent a compromise between the parties? Compare the problem of illegal stoppages at Ford's with that at Regent's and Hilton's.

7. Discuss Henry Ford II's comparison between negotiating "union" and "commercial" contracts, indicating your reasons for agreement or disagreement by references to the negotiating cases studied.

8. Do you think that the 1946 negotiations represent any shift in the "structure" being built between the parties from that of 1941? Why or why not?

FORD MOTOR COMPANY

NEGOTIATING THE 1947 AGREEMENT

I

Negotiations to revise the contract that expired on May 30, 1947, began between the Ford Motor Company and the United Automobile Workers at Detroit on May 5. During the early weeks of negotiation, which continued for more than three months, the parties debated the "improvements in the present contract" they respectively desired; but the discussions at the bargaining table were generally centered upon the important question of wage increases.

On May 27 the union negotiators issued a statement in which they blamed the company for the alleged stalemate in the bargaining sessions, and called a secret strike vote. The next day, Ford released the following letter:

When we started our negotiations three weeks ago, our objective was to arrive at a new contract by the time the old one ran out on May 30, 1947. We knew our employees would want to have, as of May 31, the benefit of any wage increase the contract might provide.

This is still our objective, although only two days remain. In order to expedite matters, we wish to make two alternative proposals, either one of which would be acceptable to us.

1. Although we would like to see improvements in the present contract, it has on the whole worked well for both of us. We are prepared to renew this contract immediately for a minimum period of one year, amending it to provide a 15 cents per hour average wage increase to become effective May 31. Three and a half cents of this 15 cents would be used for six holidays with pay, in accordance with the pattern established in the industry,[1] and details of the distribution of the balance of this increase would be worked out between us.

2. We are prepared to agree now that our new contract will become effective on June 15, this contract to consist of the present one amended by any changes we have agreed upon by that time and to run for a minimum period of one year. As part of that contract we are prepared to agree now to a 15 cent per hour average wage increase to become retroactively effective May 31. Three and a half cents of this 15 cents would be used for six holidays with pay, in accordance with the pattern established in the industry, and details of the distribution of the balance of this increase would be worked out between us.

Both proposals assume prompt ratification by your membership so that there will be no delay in passing on benefits.

In accordance with the company's desire to pay the best wages in the industry, the Ford average hourly rate is about seven cents per hour greater than the average hourly rate of its principal competitors. This differential, which will be maintained by the proposed increase, has been recognized officially by your union.

But a wage increase can be considered only against the background of the rest of the contract. Before we can make any reasonable estimate of wages we can afford to pay, we must know the conditions under which we are going to operate to make the money to pay those wages.

We ask you also to keep constantly in mind the fact that Ford Motor Company is extremely concerned with the necessity for keeping the prices of its products down. We gave evidence of this concern in January 1947 when we reduced prices.

The increase we are now proposing will add approximately $43,000,000 annually to the company's labor costs. This added cost to the production of cars and trucks at this critical time must somehow be compensated for by high productivity, continued freedom from unauthorized work stoppages[2] and sustained high production if we are to escape the unsound position of simply passing the bill on to our customers.

This is added reason why the nature of the new contract as a whole is extremely important to us and why any wage increase must be considered part of the whole "package."

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[1] During April, 1947, General Motors had established the industry pattern in settling its wage revisions with the United Electrical Workers (CIO) on the basis of 11½ cents per hour increase and six paid holidays equivalent to 3½ cents more per hour.

[2] In 1946 there were only 27 unauthorized work stoppages throughout the United States at all Ford plants, resulting in the loss of 112,000 man-hours of production. In contrast, about 2,071,000 man-hours of production had been lost for the three-year period 1943–1945 because of some 608 unauthorized stoppages at Ford's.

Simultaneously the company announced that it was raising wages of 20,000 salaried employees by 10%.

In rejecting both of these alternative offers, the union negotiators now brought into central focus their demand for a pension plan.

> The issues between the company and the union involve more than just a wage increase. Equally important factors are the human needs of the workers involving old age retirement and social security benefits.

When the expiration date of the contract arrived, its term was extended, pending continued negotiations. Reports from the bargaining sessions indicated that the June sessions concentrated upon formulating in basic outline an acceptable pension plan and dovetailing it with the wage and other provisions of the emerging contract. As the negotiations were drawing to a successful conclusion, the Labor-Management Relations Act of 1947—the Taft-Hartley Bill—was enacted into law over President Truman's veto on June 23. Four days later a joint statement made the following report of progress in negotiations:

> After eight weeks of intensive bargaining, the Ford Motor Company and the UAW–CIO have reached tentative agreement on a new labor contract that marks an important step forward in providing security for Ford Motor Company employees. Included is the first retirement plan for hourly rate employees in the automotive industry.
>
> The contract provides for a straight 7-cent an hour wage increase. Other financial gains will be in the form of the retirement program which will be put into effect as soon as possible after ratification of the contract by the union and the company.
>
> When finally signed, the contract will run for a minimum of two years. It can be reopened for negotiation only on economic matters, and only once during the two years. The wage agreement will be retroactive to May 31, 1947, the date on which the old contract expired.
>
> With the wage increase, the average hourly pay of Ford employees will be approximately 3 cents an hour more than those of major competitors. An additional 5-cent an hour increase will be given to 10,000 maintenance employees and to core-makers and jobbing molders.

The parties projected the retirement plan as a voluntary program which employees would join at their own option. A summary of its major provisions in the formulation of June 27, with the differences on detail between the parties, follows:

Company Contributions. 5% of payroll, equaling on the average $146.60 per man per year, or an annual total of about $17,600,000. An additional $200,000,000 it was estimated would be needed over the first ten years "to get the plan started."

Employee Contributions. 2½% of the first $3,000 in annual earnings, 5% of all earnings above $3,000. It was estimated that the average employee contribution would come to $73.30 per year, totaling annually about $8,800,000, or half of the estimated company contribution.

Benefits to Employees. Pension. 1% of "pay" multiplied by the number of years worked. Retirement would be placed somewhere between

the ages of 55 and 65; pensions would be paid only after a minimum number of years of service. Both figures remained still to be negotiated; regarding years of service the union was asking five, the company was stipulating ten.

Full Disability. Employees would be eligible after a minimum of 15 years of service. The amount of benefit and minimum age limit were still to be negotiated.

Death. Entire employee contribution plus interest would be payable to survivor.

Savings. Upon withdrawal from the plan, an employee's entire contribution plus interest would belong to him.

Administration. No final decision had been made. Some form of joint company-union management was projected as probable, while it seemed likely that the plan would be financed by deposits in trust rather than through insurance policies.

II

As the negotiations stretched through July, the union charged the company with receding from its verbal agreement upon details of the pension plan, while the company emphasized the unreasonable demands of the union to "by-pass" the Taft-Hartley Act.

Three provisions of the new law in particular were impinging upon the negotiations. These were:

(1) Sections 102 through 104 providing that no performance of an obligation under a collective bargaining agreement entered into prior to the effective date of the Taft-Hartley Act would be deemed an unfair labor practice, if it had not constituted such a violation of the Wagner Act. The effective date was set at "sixty days after the date of the enactment" of the act, or August 22, 1947.

(2) Section 302 regulating the payment and delivery by an employer of "any money or other thing of value to any representative" of his employees. Specifically this section prohibited, among other things, the checkoff of union dues without written assignment from each employee involved.

(3) Section 301(*a*) and (*b*) permitting damage suits against unions for contract violations, as follows:

> (*a*) Suits for violation of contracts between an employer and a labor organization . . . or between any such labor organizations, may be brought in any district court of the United States having jurisdiction of the parties, without respect to the amount in controversy or without regard to the citizenship of the parties.
>
> (*b*) Any labor organization . . . shall be bound by the acts of its agents. Any such labor organization may sue or be sued as an entity. . . . Any money judgment against a labor organization . . . shall be enforceable only against the organization as an entity and against its assets. . . .

As July drew to a close, negotiations had apparently broken down. On July 30 the union negotiating committee informed the company negotiators that the committee was powerless to consider further suggestions for averting a general strike in the Ford plants, scheduled to begin on August 4. The union

was asking a contract provision that would exempt it from Section 301, quoted above.

On July 31 Mr. Ford telephoned Philip Murray, requesting a conference. At 5 P.M. as the conference convened in New York, Mr. Ford handed Mr. Murray the following letter:

Dear Mr. Murray:

I am writing you because of the critical situation which faces Ford Motor Company today. We are threatened with a general strike next Monday which we are sure could be avoided by the use of patience and reason.

We believe in collective bargaining. We have, moreover, scrupulously followed the practice of negotiating across the bargaining table. It is our conviction that no good purpose can be served by turning the bargaining table into a public forum.

We find now, however, that we are no longer bargaining with the representatives of our employees. The negotiations have become a marionette show with hands far distant from the bargaining table pulling the strings.

For this reason we feel we have no choice but to bring to your immediate attention a proposal which we have made to the Ford UAW–CIO, and one which the union claims it is powerless to consider.

The union is asking us to include in our new agreement a provision which would in effect nullify certain provisions of the Taft-Hartley law. This we cannot agree to do. We respect and obey the laws of the land and cannot be party to placing unions above the law.

On the other hand, we are aware that irresponsible factions in Ford UAW–CIO could inspire incidents over which the union leadership might have little or no control, and that the union might in consequence suffer financial penalty for an act it could not prevent.

To eliminate this possibility, we have suggested a contract provision which would leave no question as to our good faith under such circumstances.

We have, to be specific, proposed that the company will agree not to institute suit against the union for damages arising out of illegal strikes under the following "good faith" conditions:

1. If the union has not inspired or authorized such an illegal strike, and
2. If the union will agree promptly to denounce publicly such an illegal strike, and
3. If the union and its responsible officers and agents will agree to use prompt and honest effort to prevent or end any such illegal strike, and
4. If the impartial umpire, who, by agreement with the union, decides other points of difference arising out of our contract and who has always had the complete confidence of both the union and the company, can be the final judge as to whether the union has taken these reasonable steps in regard to illegal strikes.

In short, this provision merely asks that the leadership of the union act in good faith and with reasonable diligence to avoid illegal strikes or the threat of such strikes. In turn, we are pledging the good faith of Ford Motor Company not to claim damages, if, in the opinion of the impartial umpire, the union meets these reasonable conditions.

Finally, I would like to point out that the strike which is threatened against this company would not really be a strike against Ford Motor Company at all. It would be a strike against the government and the laws of the land.

In this connection, may we say that we sharply question the wisdom of a strike or a threat to strike under these circumstances. Our customers, our employees, our management—none of whom is at fault—will suddenly suffer loss of cars and trucks, wages, and income, simply because Ford Motor Company has been chosen as the guinea pig in an effort by UAW–CIO to veto those parts of a federal statute

which it does not happen to like. In our opinion, it is things like this which cause people to lose confidence in labor leadership, which we will both have cause to regret.

We do not want a strike. We believe our employees do not want a strike. To avert a strike we have made a proposal which we are sure you will find fair and reasonable in every respect. Since Ford UAW–CIO seems powerless to act in this matter, we are calling on you to act.

The top-level conference in New York reached no definite conclusion, and Mr. Ford announced at its close that the company's discussions "with the Ford Union Bargaining Committee" would be resumed "in Detroit, Friday, August 1, at 2:30 P.M." When these discussions resumed, the strike threat still hung over the negotiations. Each side increased its public announcements. The company sought particularly to make clear that allegations ascribing the deadlock to differences over the pension plan were misleading; that the true heart of the controversy centered in the Taft-Hartley Act. Thus under date of August 2, 1947, it released a letter sent to the union:

You have stated publicly that you intend to press for a general strike against the Ford Motor Company. You now give as one of the reasons for this threat the failure to reach immediate agreement on all details of the Ford Employee Retirement Plan, although you know there is little disagreement between us on the general terms of the plan, and despite the fact you have refused to discuss these few differences with us during the past week. . . .

We have no objection to withdrawing our proposal. The financial burdens involved are tremendous. What we do object to is misrepresentation, which we think happened when you called our proposal "inadequate."

Before we could entertain any thought of an Employee Retirement Plan at Ford Motor Company, we had to answer two basic questions. The first was the question of company security. If the company's ability to go on as a profitable, progressive institution would be threatened, it was obvious that such a program could not be considered.

On the other hand, if our employees were not encouraged to their best efforts and top efficiency by fair treatment, good working conditions, good wages, and a reasonable sense of security in their jobs, the ability of the company to succeed in competitive enterprise would also be placed in danger.

The Employee Retirement Plan we proposed meets these requirements Moreover, to the best of our knowledge it is as progressive a step in the direction of employee security as has been taken by a large mass-production industrial concern.

To state it as simply as possible, the plan is designed to assure our employees a better old age through added comforts and enjoyments, and most of all, a sense of dignity and independence. . . .

The following day, the company took the admittedly unusual step of appealing to the union membership over the heads of their leaders.

To All Members of the Ford UAW–CIO:

You may shortly be required to take part in a general strike against the Ford Motor Company. Your Union representatives have publicly announced that one reason for such a strike would be because they had been unable to reach agreement with us on details of an employee retirement plan.

Ordinarily, the Ford Motor Company conducts its affairs with you through the men you have chosen to represent you. At this time, however, we do not think that your representatives have given you a clear idea either of the proposed em-

ployee retirement program or of the attitude of the Ford Motor Company in this matter.

We are proud of this plan. We regard it as a most progressive step in the direction of better employee relationships. Why, of all issues, this progressive proposal should have been chosen as an excuse for calling a general strike is something we cannot understand.

We know such a plan will give our employees additional assurance of security and a sense of dignity and independence in old age. In spite of its great cost to the company, we feel it also answers what must be a basic concern of ours—the question of company security.

Because the plan involves well over 100,000 people with varying years of service, rates of income, and for many other reasons, it is necessarily very complex. However, I want you to know the main points and benefits of the plan. Therefore, I am attaching a copy of a letter sent . . . to your Union representatives on this subject. I am confident that if you study the brief summary of the plan closely, you will agree with us that this is a great step forward in industrial democracy.

Sincerely yours,
HENRY FORD II

As the strike deadline approached, the union negotiators requested that Mr. Ford join the conferees in an effort to reach a settlement. Mr. Ford replied by the following telegram:

With other members of the policy committee, I have been in close touch with negotiations over the week-end. In spite of our very best efforts to conciliate differences with the union, it is now quite clear to us that you propose to strike unless we agree with you to establish for all industry what seems to us a disastrous precedent for scuttling the union responsibility provisions of the Taft-Hartley law.

We have made many proposals to you, all within the spirit of the Taft-Hartley law, but intended to give full protection to responsible union leadership. We offered to pledge the good faith of Ford Motor Company in return only for a pledge of good faith on the part of the union that its leaders will prevent or bring to an end illegal strikes.

It seems to me a mistake to leave the impression that any major difference between us centers in our ability to settle at once on the few remaining details of the proposed employee retirement plan. I must remind you that during the last ten days of negotiation, you have refused even to discuss this retirement plan. And in the eight hours of yesterday's negotiations, only the final 15 minutes were spent in discussion of the plan, and that at our insistence.

Bluntly stated, the strike you seem determined to call will not be an attack on the labor policy of Ford Motor Company but a strike against a law.

We do not want a strike. We are prepared to continue negotiations to prevent one. Under the circumstances, however, I do not think my attendance at this morning's session could add anything helpful.

Tension mounted as the nation watched to see if the negotiators would avert the biggest stoppage of manufacturing workers thus far in 1947. For almost eighteen consecutive hours the negotiators remained in session. Finally in the dawn hours of August 5, union spokesmen emerged to call off the strike. The parties announced the agreement in the following joint statement:

Ford Motor Company and the UAW-CIO have reached agreement on a contract provision covering the financial responsibility sections of the Taft-Hartley law

which have been under discussion in negotiations between the company and the union. The agreement represents a compromise between the final proposal of the union and the final proposal of the company. Strike action was cancelled by the eleventh-hour agreement on this issue. . . . Agreement on the Taft-Hartley issue is of course contingent upon agreement on the whole contract. . . .

III

In the course of the day the exact wording of Article 5, Section 6, of the contract embodying the provisions regarding union financial liability was made public, as follows:

Article 5—Union Responsibility

Section 6. In consideration of the undertaking by the Union hereinbefore provided to avoid unauthorized strikes and work stoppages, it is agreed that a four-man committee, composed of two chosen by the Company and two by the Union, will be appointed forthwith to work out a solution of the question of the liability, for damages by suit for breach of contract, of the International Union, the Local Unions covered by this contract, and their officers, agents or members. If the committee fails to arrive at a unanimous solution within three (3) months from the date of this Agreement, it will choose a fifth member of the committee (or, if it cannot unanimously agree upon the identity of such fifth member, the Umpire shall serve as such). The committee shall if necessary continue its efforts to arrive at a solution for an additional three months' period and for such further periods of three months (limited as provided below) as the committee by majority vote of all its members may determine. The committee's solution of such question shall be submitted in writing, must be by unanimous consent of all of its members, and thereupon will be conclusive and binding upon the Company and the Union.

Should the committee fail both to arrive at a solution and to extend the period of its deliberations as above provided, the Union may re-open direct negotiations on this question with the Company, which either party may terminate at any time; provided, however, that the total period (hereinafter referred to as the deliberation period) which may be devoted to such question both by deliberation of the committee and by such reopened direct negotiations, shall be limited to one year from the date of this Agreement. There shall be no liability by suit for damages on the part of any such Union, their officers, agents, or members for breach of contract by reason of any strike or work stoppage on the part of the members of any such Union, their officers, agents, or members for breach of contract by reason of any strike or work stoppage on the part of the members of any such Union, which may have occurred during the deliberation period; and the Company shall institute no suit for damages against any such Union or any of their officers, agents, or members in case of such breach of contract alleged to have been committed during the deliberation period.

It is further agreed that in the event suit for damages shall be instituted by the Company in violation of its undertakings in this Section, or for the purpose of invalidating any of the provisions of this Section, the Union reserves the right to terminate this Agreement forthwith.

If at the end of the deliberation period, no solution of such question acceptable to both parties shall have been worked out by the committee or agreed upon by the parties, the Union shall have the right to strike for that reason only, without liability by suit for damages for breach of contract based thereon on the part of any such Union, their officers, agents, or members. The preceding sentence shall not be deemed to limit the right of the Union to strike at the same or any other time on any other issue with respect to which a strike is not prohibited by

the other Sections of this Agreement, including the right to strike over a failure to agree upon wages in the event the wage issue is reopened pursuant to the termination provisions of this Agreement.

It is further agreed that in the event of and notwithstanding such strike all the provisions of this Agreement shall remain in full force and effect for the full term of this Agreement.

Mr. Ford issued a statement expressing his gratification:

> The agreement to refer to a joint study group the question of the liability of the union for damages by suit for breach of contract seems to us an eminently fair solution to a particularly thorny problem. Any new labor legislation raises problems of human relationships. It has become apparent to us that all of the ramifications of such problems cannot be ironed out immediately around the bargaining table. Under today's settlement opportunity has now been provided for finding, in less hectic surroundings, a solution within the spirit of the Taft-Hartley law, acceptable to both the union and the company.

With this hurdle safely passed, the negotiators set their sights on the next deadline: August 21, 1947. For more than two weeks, conferences were convened and adjourned. New snags appeared to prolong negotiations—for instance, the demand from the company that termination of the paid lunch period of 20 minutes must be part of the contract incorporating the pension plan.

As August 21 came, the negotiators again were meeting in continuous session. With the day ticking to its close, the last compromises were made. Rumor subsequently noised it abroad that the clock had been set back minutes enough to bring the signatures on the dotted lines before midnight. At any rate, the jubilant negotiators announced their new contract under date of August 21, 1947.

IV

The terms of settlement proved complex. No less than seven documents were required to embody a program by which the parties completed a contract, yet left some of its terms open as alternative possibilities to be decided by membership referendum. September 30, 1947, was set as still one more—and final—deadline; by then the referendum votes would have to be taken and counted to determine—and the company notified—which contract version the union members wished.

Thus on August 21, the parties announced (1) an *Extension Agreement;* (2) a *Settlement Agreement;* (3) *Agreements* to accompany ratification of either of the settlements set forth as alternative proposals in (2); (4) an *Agreement on Union Shop;* (5) an *Agreement on Retirement Plan;* (6) Appendix to (5) setting forth *"Outline of Retirement Plan for Hourly Rate Employees,"* which was to be reduced to writing if the contract embodying such a plan were ratified; and (7) an outline setting forth changes of substance in *Present* [1947] *Master Agreement.*

Agreement 1 provided the mechanism for continuing an effective contract, while the still moot proposals which were set forth by Agreement 2 were

submitted to the union members. The two alternative proposals offered the members for vote follow:

PROPOSAL NO. 1

1. Contract provisions as agreed upon including:
   (*a*) Taft-Hartley Protective Clause.
   (*b*) Union Shop as agreed upon.
2. Pension Plan as presented.
3. 7 cents per hour general wage increase; 5 cents per hour additional for skilled maintenance and construction employees, jobbing moulders and jobbing coremakers.
4. Paid lunch period eliminated.
5. Termination date, July 15, 1948, for economic matters and Union Shop—balance of contract, July 15, 1949.
6. Taft-Hartley termination one (1) year from date of Agreement (unless under its terms solution is determined sooner).
7. Retroactive date for wage adjustments—May 31, 1947.

PROPOSAL NO. 2

1. Contract provisions as agreed upon including:
   (*a*) Taft-Hartley Protective Clause.
   (*b*) Union Shop as agreed upon.
2. Wage Pattern . . . 11½ cent General Wage Increase and 3½ cents for paid holidays. 5 cents additional wage increase for skilled maintenance and construction employees, jobbing moulders and jobbing coremakers
3. Under this proposal, the Umpire, under the contract, will rule on the company's notification of termination of the paid lunch period.
4. Termination date as above.
5. Retroactive date as above.
6. If either proposal is accepted by September 15, 1947, the Company will agree to the Union Shop provision until July 15, 1948.

Members could also signify their choice of "neither proposal."

Agreements 3 through 6 embodied the varying steps to be taken following ratification of either alternative proposal, the outline of the retirement plan, and the crucial agreement on the union shop clauses of the contract. By the terms covering the union shop, union membership continued a condition of employment until July 15, 1948, if ratification notices for either one of the two contract proposals were received by September 30. Section 4, however, abrogated this part of the contract in any state having a validated prohibition on such a form of union security.

The changes of substance made in the 1946 contract may be classified under three headings: (1) revisions pertaining to normal collective dealings; (2) revisions representing adjustments to the Taft-Hartley law; and (3) a revision withdrawing all portal-to-portal suits.

Three major changes contained adjustments directly related to the Taft-Hartley Act. That dealing with union financial liability has already been cited. The other two stipulated:

ARTICLE II—UNION SHOP

The parties have heretofore agreed by an agreement dated August 21, 1947, to certain provisions creating a union shop for a period not running beyond July 15,

1948. If and to the extent permitted by law, the provisions of Sections 2, 3 and 4 of such agreement shall be deemed to be a part of this Article of this Agreement as of July 15, 1948, and continued in effect thereafter until the expiration of the remainder of this agreement.

ARTICLE III—DUES AND ASSESSMENTS

Section 1. The Company will deduct from the pay of each employee covered by this Agreement all Union membership dues, provided that at the time of such deduction there is in the possession of the Company a subsisting written assignment, executed by the employee, in the form and according to the terms of the authorization form hereto attached as Appendix D, authorizing such deduction by the Company.

The union immediately launched its program for obtaining ratification of the agreement by its members, including a choice between the two alternative "proposals." For instance, *Ford Facts,* the journal published by Local 600 in Detroit as the "official organ" of the "world's largest local union, reaching 70,000 homes each week," devoted its issue of August 30 almost completely to the new contract. In his front-page "President's Column," Thomas Thompson submitted his report on the negotiations and his recommendation regarding the two proposals. Excerpts follow:

The long, weary weeks of negotiations are over. The National Negotiating Committee fought to the bitter end on each issue. Aside from the length of the negotiations and the several crises, including the threat of strike action precipitated by the provision of the union-busting Taft-Hartley Law which went into effect during the negotiations, the Ford workers made labor history in the battle with the company just ended.

Your committee has reported back to the membership two alternative proposals on the wage increase and pension plan. As President of Local 600 and as Chairman of the National Negotiating Committee, with full knowledge of the entire negotiations, including the technical discussions of the pension plan between the union and company experts, I believe it is my duty to take my position on these alternative proposals.

I have been told that taking a position for or against the pension plan is loaded with political dynamite—that it would be politically expedient to allow the issue to go to the membership without a recommendation from me. That is not the way I see my duty to the membership of Local 600. The issue is too important now and too important to the future welfare and security of our local union membership to permit any pussy-footing on the issue.

As your duly-elected President to whom you have a right to look for advice, guidance, and leadership, I now take my position. I recommend that the membership of Local 600 vote "Yes" for the proposal that contains the Pension Plan (No. 1). The pension plan is within your grasp, despite the fact that many people thought it was a dream.

I cannot say that it is a Utopian plan. I can say, on the advice of the union experts, that it is the best pension plan in heavy American industry today. Despite the fact that it is not all that you, myself, or the other members of the National Negotiating Committee wanted, it is the beginning of old-age security for our workers.

I assure you that when Local 600 leads by adopting this pension plan, the UAW–CIO and the American Labor Movement will follow. Strike your blow for freedom from old-age insecurity by voting YES for the pension plan (Proposal No. 1).

Mr. Henry Wenning, the international union's actuarial expert who had advised the negotiators on the pension plan, was scheduled to appear before all the Ford UAW locals in the country to explain its provisions to the members. Such a large local as No. 600, comprising 16 Rouge units, arranged a single mass meeting to hear Mr. Wenning on September 14, the day before the vote. Mr. Thompson asked each building chairman to name two rank-and-file speakers from his unit for this meeting—one to speak in favor of Proposal 1, the other in favor of Proposal 2.

A total of 70,004 union members voted in the ratification referendum; this represented almost two-thirds (65.42%) of the 107,000 Ford production workers whom the union represented. They voted 51,832 for Proposal 2, 16,720 for Proposal 1, and 1,452 against both proposals. Each of the 43 locals in Ford plants had thus turned down Proposal 1 to register preference for the larger wage increase of Proposal 2; the pension plan was defeated by more than three to one. Mr. Leonard attributed this result to the impact of the high cost of living. Mr. John S. Bugas, before The American Management Association, cited the results on the pension plan as evidence of the fact that "union leaders are definitely out of touch with thinking and the desires of rank-and-file union members." [1]

On September 30, the UAW–CIO officially notified the Ford Motor Company of its acceptance of Proposal 2. The wage increase it included, retroactive to May 31, according to union officials, would give the production employees on the average about $100 in back pay and bring the average hourly rate in Ford plants to $1.52.

The 1947 contract thereupon went into effect.

Discussion Questions

1. Divide this negotiation from its opening on May 5 to its conclusion on September 30 into periods to show (*a*) the changing fulcrum of the bargaining agenda; (*b*) the major factor or factors causing these changes; and (*c*) the recourses utilized by the parties to prevent breakdown at the points of tension in each period.

2. Compare the tentative agreement reached by the parties on June 27 with the results of the ratification referendum on September 15; and both in turn with the first offers of the company on May 28. What inferences would you draw on (*a*) the influence of "wage patterns" in the automobile industry; (*b*) problems of union leadership in the UAW; (*c*) implications for subsequent bargaining which each side might reasonably draw from these comparisons?

3. Indicate the adjustments made to the requirements of the Taft-Hartley Act in these negotiations. Compare them with the adjustments effected at the National Food Specialties Company. What suggestions would you offer as explanations of the apparently stronger feelings of both the UAW and Ford on the Act than those of the Laurelton parties? What clues would you

[1] *The New York Times*, October 3, 1947, p. 3, Col. 5.

offer from (*a*) American labor history; (*b*) the history of labor relations at Ford and at National Food?

4. In what respects are the positions of each of the parties in this negotiation similar to and different from those that shaped their negotiations in 1946? What factors account for these similarities and differences?

5. What do you think of the idea of submitting alternative proposals (*a*) to the union negotiators as the company did on May 28 and (*b*) to the rank-and-file union members as company and union agreed to do on August 21? Indicate the advantages and disadvantages you see in such a bargaining procedure for (*a*) the company; (*b*) the union; (*c*) contract negotiation and underlying relationships.

FORD MOTOR COMPANY

NEGOTIATING THE 1948 AGREEMENT

I

The 1947 negotiations at the Ford Motor Company produced an agreement that was to remain effective until July 15, 1949, with the proviso that it might be reopened after one year, on 60 days' written notice, for negotiating *economic issues only.*

The year between the effective date of this contract and May 10, 1948, when the union served notice of its desire "to reopen," saw various developments in labor relations at Ford plants. For one thing, the recognition of the Foreman's Association of America, which had begun in 1942, was terminated following a strike lasting 47 days. The strike was not effective, and the men returned to work as individuals after personal letters had been sent to each one by Henry Ford II explaining the company's position regarding unions of supervisors. Management invited their return and their suggestions for future improvements in their jobs. Thereupon a comprehensive program of improving supervisory relationships was launched under the aegis of a special "Management Relations Department."

In various plants, explorations into employee morale were undertaken. A counseling program for supervisors was initiated, and programs for orienting new members as they entered upon Ford jobs were undertaken.

On the union side, Richard Leonard, vice president of the UAW in 1947 and head of the negotiating committee as director of its "National Ford Department," allied himself with the opposition to President Walter P. Reuther and was defeated for re-election. He was replaced by Kenneth Bannon.

II

On May 3, 1948, delegates to the National Ford Council voted unanimously for the following economic demands formally served upon Ford on May 10, 1948.

1. A comprehensive social security-group insurance program, including life, health and accident, hospital, surgical and medical coverage for the worker and his family.

2. A general wage increase of thirty cents per hour.

3. Establishment of a fund adequate to provide equalization of rates by job classifications on a company-wide basis.

4. Revision of present vacation provisions to provide forty hours pay to employees with six months seniority, with graduated increases up to one hundred twenty hours pay for employees with five years seniority; also vacation rights for time spent in the Armed Forces.

5. Provisions for a guaranteed weekly wage of forty hours for any week in which any employee is called to work.

6. Revision of existing contract terms to provide time and one-half for Saturday as such, double time for Sunday as such, and triple time for all holidays worked.

7. Increase in present night shift premiums from five cents to ten per cent.

8. Elimination of merit spreads in all plants of the company.

9. Priorities and 20 per cent discount on all Ford products for all employees covered by the agreement.

10. Employees covered by the agreement to be allowed four hours off with pay on primary and general election days.

11. The establishment of an appropriate retroactive date when the provisions governing economic issues shall become effective.

12. A starting time for the work week.

13. A wage increase above the general increase asked for foundry workers, high window cleaners, tool and die workers and employees in the maintenance division.

14. Revision of paid holiday plan.

15. Pension plan—derived from royalty on each unit and service parts produced.

16. Re-establishment of paid lunch period to include all plants.

17. Weekly pay day; subject to the approval of the local involved.

18. Seven day operations. Premium pay for Saturday and Sunday as such. (Working schedules to be mutually agreed upon.)

19. Thirty (30) day reopening clause on economic demands.

Enumeration of . . . the above-listed economic matters is not to be considered as excluding other changes . . . which may be made necessary . . . by reason of matters arising during the course of negotiations.

While this notice is given pursuant to the Labor-Management Relations Act, 1947, the undersigned Union waives none of its rights and hereby expressly reserves all objection to the constitutionality, validity, and applicability of each and all of the provisions of said Act.

It is our understanding that you agree with us as to the desirability of commencing negotiations concerning these matters immediately. Pursuant to this oral understanding, we request that a conference be arranged immediately for this purpose.

When Mr. John S. Bugas, vice president and director of industrial relations, sent the company's reply on May 15, he not only gave management's reasons for rejecting the union's demands but also presented five requests for contract revisions on "economic matters." As in prior postwar negotiations, moreover, the company attempted to integrate the current proposals to the continuing evolution of relationships between Ford and the UAW. Mr. Bugas wrote as follows:

Receipt is acknowledged of your letter dated May 10, 1948, listing what you term "economic matters" on which you request negotiation. . . . We note, however, that many of the items listed therein concern matters upon which we are not required to bargain.

This company, which deals with its employees in good faith, cannot help but be disappointed in the attitude displayed by the union in the extremely unrealistic demands served upon it.

In 1941 the Ford Motor Company adopted a whole new policy aimed at giving "union security" to your organization. In 1945 we called on your organization to meet obligations to provide "company security" and in 1946 some provisions meeting this obligation were written into our Agreement.

In this year's negotiations we propose that top priority be given to the objective of "public security." . . .

We think the American people are tired of negotiations which seem to have no other aim besides gain for all parties except the consumer. We feel that the American people would particularly welcome at this time a major company and a major union working together constructively in the public interest.

We sincerely believe that the objective of "public security" is not met in the demands you have sent us, because:

1. Your demands . . . would raise costs and compel us to increase prices on Ford products. No provision has been made in existing prices on Ford products for an increase in labor costs. . . .

2. Further increases in our costs—hence prices—would reduce markets for our products. In the long run, reduced markets mean unemployment, and this factor should be of as grave concern to you as it is to us.

3. The buying power of workers cannot be increased by jacking up wages. A third round of wage increases would again result in increased prices and decreased buying power for the consumer's dollar.

4. Another round of wage increases will not only be self-defeating; it will cut down now and in the future the real value of Social Security benefits, insurance benefits, savings accounts and savings bonds.

5. Finally, continued rise in wages and prices will bring an end to this period of high employment. This will hurt our employees and every worker in this country.

Our proposals, which we will negotiate on a sincere and good-faith basis, are set forth below. They are to the long-term advantage of our employees, the company, and the consuming public.

1. Elimination of the substantial wage differential between Ford Motor Company and its major competitors.

2. Establishment of Ford wage-rates in all its branch operations throughout the country at community or area wage levels for comparable operations.

3. Establishment of a sound, basic plan for extending the incentive system wherever practicable.

4. Extension and liberalization of present practices relative to operations scheduled to work on Saturdays and/or Sundays.

5. Elimination of payment by the company to union representatives for time spent on union business.

The foregoing is not to be construed as an exhaustive list. We reserve the right at any time prior to final settlement to make such other and additional proposals respecting economic matters as in our judgment appear appropriate.

As we have stated to you in conversations, we are willing to start negotiations at a mutually agreeable date in the not too distant future. In line with our expressed desire to conclude negotiations as promptly as possible, it is proposed that the size of the Negotiating Committee be limited to ten persons—five representatives from the union and five representatives from the company.

Ford's rejection of any wage advance whatever buttressed the union's professed suspicion of a "conspiracy," or collusion, among "steel, electrical and other" industrial corporations. Ford's particular counterproposals, interpreted as projecting an actual decrease in rates, evoked heated denunciation.

In their developing discussions the union's bargainers at Ford also evinced continuing awareness that UAW employees of Chrysler had been on strike since May 12,[1] while negotiations had been going forward at General Motors since March 12. Thus in response to an appeal for financial support of the strikers, Ford Local 600 (Rouge) alone voted $125,000 out of its strike fund. The resolution authorizing this action described the Chrysler strike as "a fight for a cost of living wage increase not only for themselves but for all organized labor.[2]

Response to Ford's reply of May 15 immediately followed:

> The UAW–CIO challenges the Ford Motor Company to make public a complete and accurate financial report to prove, if it can, that a wage increase at this time would require an increase in the prices of Ford products.
>
> We are confident that such a report would reveal that Ford is in the same situation as the rest of the automobile industry—namely, that its prices are extortionate, its profits dangerously inflated and its ability to pay a wage increase without a price increase unquestionable.
>
> Any business institution that has as great an impact on the nation's economy as does the Ford Motor Company . . . has a moral obligation to make public its profit figures. . . .
>
> It ill becomes a corporation that has evaded that kind of responsibility to come forward at this late date with the hypocritical plea that it is concerned about the "public security."
>
> If the Ford Motor Company were really concerned about the public security, it would not have recently and unjustifiably increased the prices of one line of its cars $315 to $420. It certainly can't blame labor cost on that increase because there have been no increases in labor cost.
>
> The Ford workers will be happy even now to withdraw their demands for increases in hourly wage rates at the Ford Motor Company if that company will

[1] On February 18, 1948, the UAW notified Chrysler of its desire to reopen their two-year contract dated April 26, 1947, for the purpose of "wage rate negotiations." Formal negotiations opened on February 27, 1948. The union asked a general increase of 30 cents per hour and 23 specific rate improvements. In addition, the union sought adequate social security, group insurance, and pension plans; a guaranteed weekly wage; and increases in vacation payments. Management insisted that the reopening provisions were explicitly restricted to wage-rate increases and that the basic interests of all would best be served by rejecting any wage-rate advances, for they would necessarily exert an inflationary influence. Between March 25 and April 18 the local unions voted to strike if negotiations deadlocked. The union reduced its initial demand for 30 cents to 18½ cents per hour. On April 16 Chrysler offered an increase of 6 cents an hour, which was rejected by the union on April 17 and withdrawn by the company on April 22. Negotiations broke off on May 11 after 33 bargaining sessions and the men struck the next day. On May 25 agreement was reached at General Motors with the "wage formula" settling rate issues. The Chrysler strike ended when the parties announced, on May 28, settlement of their wage issue by a rate increase of 13 cents per hour.

[2] The resolution authorized immediate payment of $10,000 into the international union strike fund and reservation of $115,000 in the local union treasury for disbursement "as the need arises."

successfully exert its influence on the rest of American industrial management and upon the Congress to effect a substantial roll-back in the cost of living. We stated months ago that we would prefer a roll-back in the cost of living to a wage increase. We meant it then and we mean it now. But industry, including the Ford Motor Company, has failed to effect such a roll-back.

The UAW–CIO would welcome a sincere offer from the Ford Motor Company that a "major company and a major union work together constructively in the public interest." We would welcome it because we have been trying for years to persuade all the major automobile companies to take just such a step and to date all of them, including the Ford Motor Company, have brushed aside our pleas with the arrogant admonition that the public interest is not a proper subject for collective bargaining. The communication to the union Saturday from Mr. John S. Bugas, a vice president of the Ford Motor Company, does not reflect any genuine change in this policy. . . .

The wage claims of the Ford workers are justifiable from every point of view—from the point of view of equity to the workers, the need of the nation for increased purchasing power in the hands of lower income groups and from the corporation's ability to pay. . . .

III

Formal negotiations opened on June 15 after these initial exchanges. By the end of May, the agreements at General Motors and at Chrysler had been concluded.[1] The negotiations at Ford moved through three general stages: (1) from June 15 to June 21, when the company made its first offer of wage increases; (2) from June 21 to July 12, when Mr. Reuther entered the negotiations; and (3) from July 12 to July 22, when settlement was reached.

During the first stage, the company took the position that only "economic matters" could be properly brought before the negotiators; accordingly, various of the union's demands were by this test beyond the scope of current bargaining. For instance, the company would question, among the issues listed on the union's notice to reopen, the following: (1) elimination of merit spreads; (2) the starting time for the work week; (3) re-establishment of the paid lunch period; (4) establishment of a weekly pay day; and (5) time off to vote on election days.

The union made comprehensive presentations of its position on almost all of the issues, a mode of bargaining that it generally maintained throughout the negotiations. From the start it also stressed particularly its demands for social security. The director of its recently established social security department gave the union's elaborately documented case for social security. Its research director restated the arguments for economic benefits, taking his fundamental position on the national need for a sound wage-profit-price balance.

As these explorations were progressing, the parties were also discussing problems arising from the contractual status of the union shop after July 15, 1948, when the requirements of the Taft-Hartley Act set the conditions of its continuation. The company did not regard the question as an issue of the bargaining table, since this continuation, upon union compliance with the Taft-Hartley Act, had been stipulated by the 1947 agreement. But differ-

[1] See General Motors Corporation: Negotiating the 1948 Agreement, pp. 359–375.

ences regarding the area of the bargaining unit properly relevant in the now necessary union shop elections had arisen between company and union and were carried to the National Labor Relations Board. The company urged a ruling that each plant be considered a separate bargaining unit; management believed such a procedure satisfied more adequately the spirit of the Taft-Hartley provisions on this matter—to give individual workers and local units the fullest opportunity to express their will on accepting or rejecting the union shop principle. The UAW, on the other hand, contended that the company must be held a single bargaining unit in consonance with the whole development of collective relations. The NLRB upheld the union's position. Public statements of the union charged that the company's claim had been "based not on fact . . . but on the desire of the company to weaken the whole structure of collective bargaining."

Another sharp controversy generated by this issue concerned the request that the elections be held on plant premises. Ford did not give a clear-cut reply; and when on June 16 it asked further delay on the matter until June 19, the union determined to proceed with the election off company property. The elections were completed by July 9, 1948 (during the second stage of negotiations), and the union jubilantly announced the results:

> Here in a nationwide poll—the largest ever conducted outside plant premises—88,943 workers of all races, creeds and colors and from 25 states in various geographical areas have declared in unmistakable terms that they stand solidly behind their union and will maintain their union shop agreement. (Ford workers in seven states were not permitted to vote because of state laws forbidding the union shop.)
>
> Out of 91,081 workers who voted, 88,943 workers voted to maintain the union shop, the company challenged 924 and 1214 voted against. The union won a 98 per cent majority. Even under the unfair, undemocratic Taft-Hartley provisions which stipulate that votes not cast are votes against the union shop, the Ford workers came through with a ringing 90 per cent majority. The total number eligible to vote was 98,989. . . .
>
> The Ford workers are to be congratulated on their democratic spirit and upon their determination to have a truly representative election despite the obstacles put in their way both by the Act itself and by the company. They have performed an invaluable service to the cause of American unionism and democracy.

In the negotiations, the union committee interpreted the results of the union shop election as a rank-and-file endorsement of its bargaining position. For its part, management regarded the actual results as mere realization of what might have been generally expected and as final execution of the stipulations of the 1947 contract regarding adjustment of the union shop to new legal requirements. They would, therefore, the company implied, in no way affect management's attitudes or bargaining positions.

By the time the results of the election were announced, the parties had advanced to the second phase of the discussions, for Mr. Bugas already had submitted to the union's national negotiating committee on June 21 the following memorandum:

> In our talks thus far we seem to be settling down to prolonged discussions that will delay indefinitely a realistic consideration of the important issues.

To avoid this, we should like to get quickly to the main points, and come to an agreement as promptly as possible.

That is the purpose of this memorandum.

We want here to state briefly the situation as we see it and make a proposal which we hope can be the basis for prompt agreement. The proposal is not offered to establish a bargaining position. It is a statement of our complete and thoroughly deliberated position in this matter. In making it we realize that we are throwing away that "room for horse trading," traditional early in any negotiations.

The situation has changed since I wrote you on May 15. . . . Our principal competitors have granted wage increases, and it is no longer possible for us to say as we could before these increases that our average hourly rate is higher, by at least six cents, than theirs.

We therefore propose:

1. That an increase of 14 cents per hour be added to the straight time earned rate of our employees whose rate is $1.50 per hour or more, and that an increase of 11 cents per hour be added to the straight time earned rate of those employees whose rate is less than $1.50 per hour. This form of increase will erase many of the inequities in our present wage structure of which we are aware and to which you have already called our attention.

2. That these increases become effective on the day we have reached a signed agreement—whether that day is before, on, or after July 15, 1948, the date on which our present wage agreement expires—provided the agreement is ratified by your membership within three weeks after it is reached. *On this basis, every day we delay in coming to an agreement will mean one dollar lost to each employee.*

3. That these increases be considered a maximum package; that is, that any other economic adjustments asked by the union and agreed to by the company must be paid for out of this 14-cent and 11-cent offer.

4. That the new contract be extended to July 15, 1950, except that it may be re-opened with regard to job wage rates once by either party on or after July 15, 1949.

5. That we agree to extend incentive practices in the company, and that we establish a joint committee to study this matter further.

6. That we revise the overtime and premium pay provisions of our present agreement.

The union publicly pronounced the company's new proposal totally unacceptable as "inadequate to meet the present needs of Ford workers and . . . far short of raising Ford wage standards to those of its competitors." The committee promised to present its counterproposal later in the week "after the union has completed the presentation of its case on our social security demand."

The counterproposal was presented to the company on Friday morning June 25. Excerpts follow:

We are in hearty agreement that a prompt settlement of issues in our current negotiations is highly desirable. We think not only that a prompt settlement is desirable but also that an interruption in production at Ford's at this time would be unfortunate. The Ford workers, as demonstrated by this offer, are willing to sacrifice for the national and community welfare but they are not willing to yield to a stubborn company position that would work real and continued hardship and deprivation on their wives and children.

The union believes that an equitable settlement is possible on the basis of economic facts rather than economic power. We do not believe that the Company

wants to or would assume the responsibility of forcing its employees to take strike action.

In place of your totally inadequate offer, we propose the following:

1. A fourteen (14¢) cent general wage increase to all workers. In the light of present conditions this conforms to the pattern generally established in the automobile industry. Earlier settlements with other companies in the auto industry were concluded before publication of the latest cost of living figures of the Bureau of Labor Statistics.

2. A fund equivalent to 5 per cent of payroll for hospitalization, health and medical care protection for Ford workers and their families. We believe that Ford workers are entitled to consideration at least equal to that which the corporation gives to its machinery and equipment upon which the corporation spends millions yearly. The fund which we propose to establish for social security purposes would be equal to eight cents per hour.

3. Elimination of differentials in economic standards as between Ford and its competitors. The claim by the Corporation that Ford wages—before the recent increases by Chrysler and General Motors—exceeded the wages paid by these competitors is a false claim. It is a myth upon which Ford Motor Company has traded in its public and labor relations for many years. We are prepared to document publicly and in negotiations the complete absence of factual foundation for any contention that there are substantial differences in the over-all wage structures of the Big Three for comparable jobs. In some important respects, however, Ford standards are far below the standards maintained by your competitors. We propose to move toward the elimination of the inequities from which Ford workers now suffer by:

(*a*) Increasing the afternoon and mid-night shift premiums to five (5%) *percent* and seven and one-half (7½%) *percent* respectively. Ford now pays five (5¢) *cents* per hour for both late shifts. This is two and one-half (2½¢) to six and one-quarter (6¼) cents less on the average than was paid by your competitors prior to their most recent wage increase. This increase in shift premiums would be equivalent to one (1¢) cent per hour.

(*b*) Liberalization of vacation payment provisions to provide veterans with credit for time spent in military service and to provide employees with 3 to 5 years seniority with vacation pay equivalent to 60 times their hourly rates. The provision for 3 to 5 years employees has been in effect at General Motors since 1946. The provision giving veterans credit for military service for purposes of computing vacation pay has been in effect in the contracts of all Ford competitors since shortly after the war. The cost of these vacation adjustments is equivalent to one cent per hour.

(*c*) Eliminating so-called "merit spreads." Your competitors provide that workers in all classifications except the skilled trade classifications advance to the rate for their respective jobs within 90 days after hire. Ford workers in many classifications are subject to the operation of a system under which workers on the same job are paid rates varying by as much as 20 cents per hour. The placing of individual workers within the rate ranges applicable to their jobs depends on the arbitrary whims of supervision. The Merit Increase Agreement now in effect should be renegotiated for skilled workers providing for a system of automatic progression. The cost of this is equivalent to 2 cents per hour.

4. Establishment of an equalization fund to bring wages of tool and die makers and construction maintenance workers into line with prevailing rates, to compensate foundry workers for the unhealthful and hazardous conditions under which they are required to work, and to correct inequities in wage rates existing within and between the company's various plants. Your memorandum of June 21 recognizes the existence of wage inequities. Your proposal would serve only to aggravate them. We propose that an amount equivalent to 2 cents per hour be set aside for purposes of correcting inequities.

5. Revision of the call-in pay provision to guarantee 8 hours pay for workers permitted to start work on any day. This proposal is submitted in place of our earlier demand for a guaranteed 40 hour work week. The minimum four hour guarantee should apply to those workers required or permitted to report for work but for whom no work whatsoever is provided. If the company gives proper consideration to the convenience and interests of its employees in scheduling operations, this proposal will cost nothing.

6. Local negotiation of other economic demands as the starting time of the work week, revision of schedules for jobs in seven day continuous operations, weekly pay, etc.

7. Agreement to be effective as of the date of the settlement if a settlement is arrived at on or before July 15 but in no event later than July 15.

By the union's own estimates, its new counterproposal came to a 28-cent "package." These new proposals dominated the second stage of negotiations from June 21 until Mr. Reuther's entrance on July 12. The union maintained its insistence upon the demand for an improved social security program even as the parties intensified consideration of other economic differences. Entire sessions were given over to lengthy presentations of the union's position on social security; and, on June 28, negotiating subcommittees were agreed upon to devote themselves entirely to this one issue. The subcommittees began special meetings on June 29.

At the same time, discussion of the recently revised proposals of the parties (*i.e.,* of June 21 and June 25) moved forward. Union spokesmen elaborated upon five criteria as focal supports for their demands, emphasizing (1) differentials between comparative job rates at Ford and at its competitors; (2) intraplant inequities; (3) cost-of-living increases; (4) standard-of-living factors; (5) the price-wage-profit balance. As forecast in its public statements, the union now challenged particularly the company's claim that a "substantial wage differential" existed between Ford and its major competitors; the company, in turn, concentrated effort upon proving the reality of such differentials. The needs of each side in particular operations, such as those of foundry workers as presented by the union and of steel production as urged by the company, were reviewed. No significant progress seemed to be made; indeed as this second stage of the negotiations was drawing to a close, the parties were defining their "irreducible" positions on social security. For the union, two such absolutes were marked: (1) a "pool," or fund, for social security contributed by the company; and (2) joint administration of that fund. The company maintained that it would not contribute to a pool; accordingly, the demand for joint administration was moot. In addition, the company raised a question regarding the requirements properly upon it to bargain at all on "social security."

At this point, Mr. Walter Reuther unexpectedly entered the negotiations on July 12. His appearance led to a thorough review of the whole proceedings from the standpoint of each side. Mr. Reuther reiterated the essentials of the union's position on social security. In addition, he dilated upon the seven issues that he felt still separated the parties after a month of negotiations. These were as follows: (1) vacation pay, which he summarized as a

demand for 40–60–80 hours' vacation for 1–3–5 years' service and for providing allowances for defined breaks in active service; [1] (2) improved vacation rights for veterans; [2] (3) shift premiums; (4) wages; (5) social security; (6) merit spreads; and (7) wage differentials. In supporting the union's case for these demands, Mr. Reuther elaborated upon similar advances in other companies and urged the company to pioneer without fear of "ideologic windmills." Granting that joint relations were not yet mature, he urged the company to grant the demands for the sake of improving those relations and suggested that the company look forward, not backward.

The company replied by maintaining its willingness to bargain, by restating its offer of the 14-cent and 11-cent wage increases, and by offering "further consideration" of social security if agreement on other differences were to be reached. Company spokesmen stated that such further consideration might include the company's meeting a share of the costs of its revised and extended insurance plan *in addition to* making a wage increase. Such reconsideration, however, could not embrace the principle of a pooled fund, on which the company would have to be adamant. It would not retreat from its position that any insurance program must be on an employer-employee contributory basis.

As the morning session of July 13 drew to a close, Mr. Reuther announced he would return when and if the company made a more practical offer. Mr. Bannon declared that the negotiating committee desired to report back to the National Ford Council on July 15; he indicated that the committee would unanimously recommend rejection of the company's offers made thus far. The council would then determine what action it deemed expedient. Mr. Bannon added that the negotiating committee was prepared to meet on the 14th if so requested by the company. Mr. Bugas thereupon specified in detail the company's current proposals as follows: (1) the wage offer of the 14-cent and 11-cent increase was still on the table, an offer that would correct many of the wage inequities about which the union was complaining; (2) continued consideration of social security (to be paid for outside of the wage package) excluding any pool and the principle of joint administration of the fund; (3) company willingness to propose a flat "horizontal" wage increase if the union felt such an offer essential to ultimate settlement; (4) increases of 2 cents and 4 cents on shift premiums; (5) improvements in vacation rights for veterans and regular employees. If these proposals proved an effective basis for agreement, the company would ask in return a 2-year contract reopenable

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[1] Vacation eligibility under the contract of August 21, 1947, was based upon the length of an employee's enrollment on the active employment rolls of the company, not on seniority as such. (Certain minimum seniority qualifications were required also.) Absences from regularly scheduled work, except for layoffs and time off because of work injury or proved illness in the year immediately prior to the first day of the vacation period, must not have aggregated more than 35 days for an employee to have been entitled to his full vacation benefits.

[2] The union was objecting to the provision that "eligibility periods occurring during their [veterans of World War II] absence, however, shall not be counted in determining vacation eligibility upon their return to regular employment."

on wages within a year; 7-day operations in steel production and explicit relief from liability for overtime on overtime.

At the lengthy 12-hour session of July 14, some concessions were made by each side. At 8 P.M., during the first night meeting of the negotiating committees, the company made its "final offer" in writing, which was summarized as follows:

1. A wage increase of 13 cents an hour to all wage-rate employes. This increase would again bring the company's average hourly rate above that of major competitors.
2. An improved Group Insurance Plan, to which the company would pay greatly increased amounts as its share.

Benefits to employes include life insurance averaging one year's pay; an additional half-year's pay if death is accidental; benefits ranging from $500 to $2,000 upon dismemberment by accident; substantially higher payments over longer periods for idleness resulting from accident or illness; provision for doctors' fees for home and office visits; and Blue Cross hospital and surgical services.

3. An increase in the afternoon-shift premiums to 7 cents an hour from the present 5-cent rate.
4. An increase in night-shift premiums to 9 cents an hour from the present 5-cent rate.
5. A change in vacation rules to enable reinstated veterans to count their time in uniform as part of their service record with Ford Motor Company.
6. Improved vacation eligibility rules to apply to seniority employes who have been off the active employment rolls for more than one year because of work injury, illness, layoff or leave of absence.
7. Provision for obtaining an official Federal ruling on overtime and premium pay practices thrown into question by the Supreme Court's recent overtime-on-overtime ruling, with a right to reopen the contract on this point in the event of an unfavorable ruling.
8. Extension of the new contract to July 15, 1950, with the provision that it may be reopened with regard to job rates once by either party on or after July 15, 1949.
9. The new contract would become effective July 16, 1948, if accepted by the Union negotiating committee on July 15 and ratified by union membership within three weeks.

The union's reply two hours later rejecting this offer proposed (1) establishment of joint committees to study the problem of social security over a period of time; (2) extension of the company's most recent offer on social security to include the equivalent of Blue Cross hospitalization, the *total cost* of which was *to be paid by the company* "outside of the wage settlement"; (3) a 14-cent wage increase; (4) amended vacation rights; (5) elimination of merit spreads; (6) shift premiums of 5% to 7½%; (7) establishment of a fund to be used to eliminate wage inequities.

When the company declared its own offer of 8 P.M. "final," the negotiations appeared deadlocked. Indeed, the standing strike threat seemed more immediate as the union explained its rejection of the company's latest proposal in the following statement:

The Ford Motor Company's proposal tonight is unacceptable to the union. . . .
After presenting its proposal to the union, the company broke off negotiations by refusing to consider union counterproposals. . . .

A continuation of the company's stubborn and unreasonable position means inevitably that it is forcing its employes to strike.

The company's proposal is unacceptable for the following reasons:

1. The 13¢ an hour wage offer does not take into account recent and continuing increases in the cost of living since earlier settlements by other major automobile companies; nor does it take into account the competitive advantage enjoyed by the Ford Motor Company because of the lag of two months or more behind its competitors in granting wage increases.

2. The shortcomings of the company on the social security proposals are: (*a*) Nearly all the cost is to be borne by the workers themselves. (*b*) The increased benefits are not in proportion to the cost of living. (*c*) The plan would be administered entirely by the company. . . . (*d*) The company refuses to say how much it would pay under the plan as its contribution to the social security program.

3. Ford competitors pay more than 8¢ per hour for afternoon shift premiums as compared to the 7¢ offered by Ford.

4. Ford competitors pay more than 12¢ an hour for midnight shift premiums as compared to 9¢ offered by the Ford Motor Company.

5. The company's proposal to give veterans credit for time spent in the armed forces for vacation pay eligibility purposes, because it is not retroactive to date of military discharge, would affect only a negligible proportion of the total number of veterans employed by the company. . . .

6. The proposal to eliminate the vacation eligibility requirement which has resulted in loss of vacation pay to employes off the active rolls because of work injury, illness, lay-off or leave of absences, corrects an obvious injustice . . . affects only a negligible number of workers and costs the company very little.

7. The company's public statement with respect to overtime on overtime omits mention of the fact that the company demanded elimination of double time for Sunday work. The company made this demand despite the fact that a recent rule of the Wage and Hour Administration relieves the company of liability for a pyramided overtime on such pay.

8 [Despite] many substandard provisions of the Ford contract which call for correction, the company also seeks to shut off until 1950 any discussion of the contract other than job wage rates.

The company's proposal completely ignored several major demands presented by the Union. . . .

The National Ford Council, on July 15, supported the negotiating committee by rejecting unanimously the company's "final" offer of July 14. By July 18, strike votes of Ford union locals were completed when Ford Local 600 by a vote of 3,985 to 81 approved strike action. The international executive board of the UAW-CIO fulfilled the final constitutional requirement for strike action by approving such action on July 19. Immediately, Mr. Reuther advised Henry Ford II that strike action had been authorized. In his telegram Mr. Reuther added:

Realizing the seriousness of the implications of this action, we are advising the company that the union negotiating committee is prepared to meet with the Ford Motor Company in a further effort to resolve the current dispute, before resorting to strike action.

The company accepted the invitation. On July 20 and 21, the parties took up issue after issue of their respective "final offers" to determine where, if at all, further concessions might be made. The union finally indicated that its bargainers desired that Mr. Reuther again enter the negotiations.

Mr. Reuther joined the negotiators at 7 P.M. on July 21. When they recessed at 11 P.M., 4 hours later, it appeared that the social security demand would be compromised through provision for the establishment of a separate union committee and of a separate company committee, each of which was to study the problem. At 2 A.M. on July 22, when negotiations resumed, the bargaining committees addressed themselves to pushing each difference outstanding between them to a compromise agreement. By 10:20 A.M., Mr. Bugas felt able to declare apparent agreement on all points but two, the shift premiums and the length of the contract. On these issues he offered the union a choice of the following alternatives: (1) an 18-month contract (with a 12-month reopening option on wages) and 5% to 7½% shift premiums; or (2) a one-year contract with 7-cent and 10-cent shift premiums. After recessing, the union chose the second alternative. Agreement had been reached after 21 hours of continuous bargaining.

In a joint statement, Mr. Reuther and Mr. Bugas announced the terms of the final settlement as follows:

Thirteen-cent-an-hour wage increase for the 116,000 hourly paid Ford workers in 46 plants in 25 states;

Increase in afternoon shift premium pay to 7 cents from 5 cents;

Increase in midnight shift premium pay to 10 cents from 5 cents;

Agreement to give employes with one year's service 40 hours vacation; those with three years, 60 hours; and those with 5 years and more, 80 hours vacation;

Improved vacation eligibility rules to apply to seniority employes who have been off the active employment rolls for more than one year because of work injury, illness, lay-off or leave of absence;

An improved group insurance plan to which the company would pay increased amounts as its share. In connection with the group insurance program it was agreed that a union advisory committee would be named to discuss over a 10-day period possible changes in benefits under the company plan. The company agreed to consider these proposals provided they were within the cost limits of the plan.

Appointment of a committee to receive and consider suggestions from a union committee relative to administration of the finally approved insurance plan;

Agreement that each party will set up a committee for general study of insurance plans, the company to consider studies presented by the union;

The company agreed to complete a study of its classification structure and, upon completion, to negotiate with the union concerning inequities which may be found to exist;

Liberalization of vacation rules for the benefit of World War II veterans;

Letters are to be exchanged between the company and the union preserving present contract provisions for premium pay, and protecting the company from liability for overtime-on-overtime.

The company and union to negotiate on problems pertaining specifically to tool and die and maintenance and construction workers, and also to seek a new merit increase agreement.

This agreement takes effect July 16, 1948 if ratified by Aug. 16, 1948 and continues in effect for the period of the present contract which expires on July 15, 1949.

During the month that followed, the local unions of Ford workers ratified these terms of agreement; Mr. Reuther estimated its "total wage package" of gains as yielding them "an increase of from 16½ to 17¢ per hour" or total

benefits of about 32 million dollars annually. The company made no parallel estimate of the contract package; its own press release offered the following summary:

> The agreement between Ford Motor Company and the UAW–CIO concludes acceptance by the union of the final offer of 13 cents made by the company a week ago, plus a few additional fringe adjustments worked out in our negotiating sessions.

Discussion Questions

1. Discuss the problems facing each party in bargaining at a "contract reopening" as distinguished from a "contract negotiation," utilizing these negotiations at Ford as compared with those of 1946 and 1947.

2. Indicate the conditions you would weigh as a representative of (*a*) the union and (*b*) the management regarding the contract term or duration you would recommend for your side to seek—annual, biennial, or longer.

3. In a "reopening" provision, would you urge your side to limit subject matter to "wages," "economic issues," or in still some other way, and why? From this case, how do you think "economic issues" should be defined?

4. Relate the bargaining at these negotiations to the context of bargaining in the auto industry.

5. Chart the various positions regarding the bargaining issues taken by the company and the union beginning with the "initial exchanges" following the union's submission of notice and demands on May 10 to July 22. Give your judgment upon the factors behind the changes that appear on your chart.

6. What do you think were the company's objectives in the positions it took on the union's requests regarding union shop elections to meet Taft-Hartley requirements? Evaluate their effectiveness.

7. Viewing the 1948 negotiations as part of a negotiations continuum, what type of relationship structure do you think is being built at Ford?

FORD MOTOR COMPANY

NEGOTIATING THE 1949 AGREEMENT

I. Introduction

On September 29, 1949, after 108 days of negotiations climaxed by 35 hours of continuous bargaining under pressure of a strike deadline, representatives of the Ford Motor Company and the United Automobile Workers (CIO) signed a 2½-year contract incorporating changes in more than 50 of its sections and a separate pension agreement providing maximum monthly benefits of $100 including Federal Social Security benefits.

The opening of negotiations was delayed until the termination of the first major strike at Ford plants since the union gained recognition in 1941. When contract talks commenced on June 2, the union committee, for the first time in the history of Ford negotiations, placed pensions and insurance

plans ahead of wages. During the course of these negotiations both company and union urged all eligible workers in Michigan to vote in a state-conducted poll to determine if the rank and file wished to authorize a strike in support of the union's demands. The 108-day parley was the longest in the history of the automobile industry. And from these negotiations, soon after the recommendations of the President's Steel Industry Board, came announcements of compromise and agreement on the very eve of strike action over similar pension and insurance issues in the steel industry.

II. Prenegotiation Developments

For two years, the company had been planning and executing organizational realignments based on a plan of decentralized operations to provide better management and control of its various divisions. In February, 1949, Henry Ford II announced formation of the Ford Division as a further step in this plan. In addition, Ford continued to modernize its plant and equipment at the rate of about 100 million dollars a year. As another phase of its management relations program, the company launched a foreman's management development plan to assist in training manufacturing supervision in the specific duties of being a manager and in effectuating the stated policy that future executives would come from employee ranks. Studies, started three years earlier, of the various types of pension, retirement, and insurance programs had continued.

Although the contract was not due to expire until July 15, the International Executive Board of the UAW–CIO unanimously adopted on January 11 the following *economic* demands for 1949 negotiations: (1) an adequate pension and retirement program; (2) a comprehensive social security program including health, hospitalization, medical, surgical and life insurance provisions; and (3) a wage increase to restore the buying power of wages to the level of June, 1946, when OPA was destroyed.

Elaborating on this action, President Walter P. Reuther in a letter dated January 15, 1949, addressed to all local unions and corporation councils wrote, in part:

> The Board was aware that some contracts limit 1949 negotiations to wages. Accordingly, the Board recommended that local unions operating under such contracts request management to open negotiations on pension and social security plans by mutual agreement. If management refuses to agfee to negotiate on pension plans and social security matters, a wage demand should be made equivalent to the total cost of a pension plan, a social security plan, plus the cost of living adjustment required to bring wages into line with the buying power of June 1946.
>
> . . . Slackening of the rise in the cost of living, however, enables us to turn our attention to other urgent matters that inflationary pressures have hitherto forced into the background.
>
> While fighting to bring up the purchasing power of the workers' wage dollar to the level of June 1946, we are determined to place the major emphasis of our negotiations on pension plans and social security.
>
> We in the UAW–CIO are no longer willing to tolerate a continuation of double standards in our industry. Under these double standards top corporate executives provide generous pensions for themselves while denying them to the workers who

cannot possibly save for their old age out of current earnings. . . . We are taking pension and social security plans out of the category of fringe demands and putting them at the top of the agenda. The profits of industry are at an unprecedented high level and management can afford to meet these just demands which are long overdue, out of profits without increasing prices. . . .

To further strengthen the union's financial reserves in support of the implementation of the above demands, the International Executive Board by unanimous action and in accordance with the provisions of the Constitution, voted to levy an assessment of one dollar per member. A set of just demands, backed up by the power and determination of the membership and supported by a strong union treasury, are a winning combination in collective bargaining. . . .

Endorsement and supplementation of these demands came from Thomas Thompson, president of "The Rouge," or Ford Local 600, "the world's largest local union," in its official organ *Ford Facts* on January 22. Mr. Thompson wrote: "We in Ford have been fighting for that kind of program for the past three years. At last our efforts have been rewarded; our logic recognized. Our program has become the policy of the entire International Union." Mr. Thompson then outlined eight further demands he would press in addition to pensions, social security, and wage increases: premium pay for Saturday and Sunday as such for employees working in the company's seven-day steel operations; [1] a special wage increase for all foundry workers; automatic rotation of work in the more hazardous sections of the foundry; speedy disposition of cases referred to the umpire; contract provision for the problems of the tool and die, maintenance, and transportation workers; in-plant cafeterias for all Rouge workers; reduction of the probationary period for new employees from 6 months to 30 days; and elimination of provision for company and union time study men, with production standards to be based on "a fair day's work."

The first public translation of these union goals into monetary demands came on January 21 when Mr. Reuther addressed about 2,500 UAW representatives from all parts of the country attending a four-day educational conference in Milwaukee. A pension of a least $100 a month "in addition to Federal social security which now averages $25 a month" was set as a goal. Mr. Reuther did not disclose what retirement age the UAW would ask, or whether employers would be asked to bear the full cost.

A few days later came another proposal from Mr. Thompson urging industry-wide bargaining on pension plans. In a letter to Mr. Reuther, Mr. Thompson contended the industry-wide plan would prevent loss of pension rights to workers changing jobs within the industry, give pension coverage to members in shops now employing too few men to make pension plans practicable, and guarantee a financial basis "sufficient to withstand all ordinary business recessions and depressions."

Mr. Thompson restated his views in *Ford Facts* on January 29, 1949. He wrote:

[1] All employees received overtime for work in excess of 40 hours per week or eight hours per day. Employees not working in seven-day steel operations also received, in addition, premium pay for Saturday and Sunday as such.

It has been suggested that in calling for an Industrywide Pension Plan at this time, I may have afforded the Ford Motor Company an opportunity to effectively resist our efforts in the coming negotiations.

That's just so much bunk.

The Ford Motor Company, in negotiating a plan to a conclusion in 1947, has committed itself to the policy of pensions to Ford workers. The only question is how—the mechanics of the plan.

Indication of intraunion differences emerged from Mr. Thompson's column in *Ford Facts* of February 12 as follows:

Sentiment for a pension plan in 1949 among the rank and file of Local 600 is being expressed to me in various ways. The latest, and rapidly growing, is the submission of signed petitions which have been circulated in all parts of the plant.

These petitions . . . afford me something real and concrete to bolster my arguments for a pension plan with those forces among us which are unalterably opposed to it; forces which are seeking to side-track pension with wage demands which do not conform to present International U.A.W. policy.[1]

The UAW moved forward in obtaining unified economic objectives when more than 250 delegates to its International Economic Conference unanimously approved on February 19 the economic demands recommended by the International Executive Board.[2] Delegates also approved, with only two dissenting votes, the strategy of submitting the demands through normal contract channels with a concentrated drive to break through one important sector at a time and thus establish a pattern. Noting that advocates of the industry-wide approach and an industry-wide strike were making comparisons with the industry-wide bargaining in coal, Emil Mazey, UAW secretary-treasurer, said, "We can't get along without coal, but we can get along without cars. The war demonstrated that it is possible for our nation to live without new automobiles for long periods of time. The best way for us to win our economic demands is to take cognizance of the competitive differences in our industry between Chrysler and Ford and General Motors."

First public action on the part of the company in anticipation of negotiations was taken by John S. Bugas, vice president and director of industrial relations, on March 2 when he wrote Mr. Reuther as follows:

Our negotiations which are to start in May or June may well have a critical effect upon every employee of Ford Motor Company—and perhaps upon prices and employment throughout the country. In view of the changing situation, we suggested to you several weeks ago that we sit down well in advance and explore informally some of the basic factors that will affect negotiations.

[1] Annual elections for officer positions in Local 600 were scheduled to be held during the week of March 21. Mr. Thompson, favoring the strategy of demanding $100 monthly pensions upon retirement, led a "right-wing" slate against opponents supported by the "left-wing" faction campaigning for an outright hourly boost of 30 cents instead of pensions. On March 30 it was announced that Mr. Thompson with 21,432 votes had won a fourth term by defeating his opponent, Virgil Lacey, who obtained 13,344 votes. A total of 42,260 votes were cast out of some 62,000 eligible ones; over 4,500 ballots were challenged.

[2] Representation at the conference included the entire negotiating committees from the "Big Three," delegates from all other corporation councils, and delegates from all automotive and agricultural implement corporations. In addition, there were five representatives from each of the 17 geographical regions of the UAW.

As you know, our negotiations are always a matter of great concern to our employees. We owe it to them to help them understand some of the problems with which we are faced in trying to provide for them the security of stable employment. They should not be misled by loose talk. With this in mind, we are sending to each employee a copy of this letter.

We are now well into an economic period unlike any we have experienced since the war. Food prices and other costs of living are dropping. Workers are being laid off. Most of the post-war consumer demand for things in short supply has been mopped up. Most American producers are no longer in a "sellers market."

. . .

No one can foresee the future accurately, but based on the present situation, these issues stand out clearly:

Wages

Since V–J Day we have effected three large wage increases, totaling 42½¢ an hour, and have incurred substantial additional costs for paid holidays, more liberal vacations, larger shift premiums, and increased insurance benefits.

The cost of living is now declining, and every drop in the cost of living increases *real* wages. Over the nation as a whole, there is an increasing tendency for both management and labor to look upon another general wage increase as contrary to the best interests of both.

There is another major factor in our wage problem. For a long time, Ford Motor Company has paid a higher average hourly wage than its major competitors. One of these competitors has just reduced its average wage rate by 2¢ an hour.[1] This puts on us an additional handicap in wage costs of about $5,000,000 a year.

Pension and Welfare Plans

Old-age security is a highly desirable goal. But any realistic study of the problem always brings us face to face with these considerations:

All social security programs—whether financed by a company and its employees directly or indirectly through government—must be paid for. They cannot be financed by wishful thinking.

There is no "kitty" from which Ford Motor Company can draw to pay for such programs. Each year since 1945 we have had to spend far more than we have earned for new plants and for modernization of facilities. These progressive improvements, by no means finished, will make jobs at Ford more secure.

Two years ago, after months of negotiations with your union, we agreed upon a liberal pension plan. This was possible only because employees were to forego about 8¢ an hour of a large wage increase to get the plan under way and, in addition, they were to pay a minimum of 2½% of wages in future years as their share of the cost of keeping the plan going.

Your union recommended this plan to our employees; but they voted overwhelmingly to reject it in favor of the wage increase. Is there any reason to believe that our employees now will take the reduction in wages that would be necessary to get such a plan going?

There is only one other way to pay for a pension plan—for our customers to pay for it in higher car prices. But we are convinced that too many of them would not stand for this

We have a long experience of working out difficult problems across the bargaining table. We hope always to be able to do so. But this year—as perhaps never before—it is essential that we go into negotiations with a real understanding of the problems involved.

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[1] See General Motors Corporation: Negotiating the 1948 Agreement, pp. 359–375.

The first unofficial answer to Mr. Bugas' letter came from Thomas Thompson who wrote in *Ford Facts,* in part:

John Bugas is merely running interference for the Ford Motor Company in the face of the Union's just demands, the same as he did last year. . . . Speaking in Philadelphia last November 17, 1948, Mr. Henry Ford II said that a fourth round pay raise was "inevitable." I think that Mr. Ford still speaks for the Ford Motor Company. The union is in complete accord with his statement.

Mr. Reuther transmitted the official response to Mr. Bugas in a letter dated March 10. He wrote:

Since your letter was used as a press release, it is quite apparent that it was written not in an effort to resolve the problems that confront the Ford workers, but rather as a publicity handout to confuse the real issues in the coming negotiations. Despite the fact that your letter received nation-wide press and radio coverage, we are not releasing our reply to the press or the radio. Our decision is based on a sincere belief that the problems of the Ford workers and their families, will be solved through down-to-earth collective bargaining and not through a publicity contest. No amount of public lamenting, public relations maneuvering or clever playing with words can exempt the Ford Motor Company from its responsibility to provide Ford workers with security against illness and old age.

Your letter of March 2nd, is remarkably similar to the letters we have received from you about this time of year, in advance of the 1948, 1947 and 1946 negotiations.

. . . Our attitude towards our 1949 negotiations is simple, understandable and firm. The economic objectives which we are committed to achieve, are morally justifiable and economically feasible. They represent effort on the part of workers in our industry to obtain for themselves and their families, basic minimum security.

In discussing the question of unemployment and job security, your letter fails to differentiate between basic causes and effects. Workers are being laid off in America, not because they are being paid too much, but because they are being paid too little, and therefore, lack the purchasing power to buy back the products which their labor has created. I would suggest that you review the economic history of America, immediately preceding the depression of 1929. . . .

You admit yourself, in your letter, that "old age security is a highly desirable goal." Certainly, high paid executives in the auto industry should know, because they alone have such security. . . . The workers, through their union, are determined to put an end to these discriminatory, unfair and unreasonable double standards.

You state in your letter, that a social security program, "cannot be financed by wishful thinking." To this we can agree. We are asking that the workers' security program be financed from the same source that is used to finance security for high paid executives.

You complain that the Ford Motor Company has spent more than it has earned since 1945 on capital improvements, modernization of plants and equipment and that, consequently, "poverty" will be the plea of the Ford Motor Company in the 1949 negotiations. Judged by normal economic standards, such a plea of poverty is unimpressive. Under the free enterprise system, in theory at least, plant expansion is financed by new capital, obtained through investors. The Ford Motor Company, on the other hand, stands today as the world's largest family owned industrial empire which was financed almost entirely out of earnings, made possible by the toil and sweat of tens of thousands of Ford workers. . . .

Although the family control of the Ford Motor Company exempts them under the law with respect to the publication of financial reports, we do not propose to permit the Ford Motor Company to take refuge behind its cloak of secrecy.

Published financial reports of its competitors prove that the automobile industry has been enjoying unprecedented profits. While investing huge sums for plant expansion and improvement, your competitors have been earning greater profits year after year. To assume that the Ford Motor Company was not equally profitable would require us to charge its top executive personnel with gross incompetence. . . .

We are prepared to meet with the Ford Motor Company, at your convenience, and it is our hope that the issues in the 1949 negotiations can be resolved through intelligent, constructive, collective bargaining. American industry cannot escape the necessity, nor the responsibility, of meeting the problem of security for workers who are too old to work, but too young to die.

Suspicions of collusive action in labor policies among auto makers were sounded by Mr. Thompson who wrote on March 12 in *Ford Facts:*

On February 25, 1949, G. M. announced a reduction in prices on its cars following the first wage cut in UAW–CIO history, under the terms of its cost-of-living wage agreement with the Union. . . .

. . . behind it all is a vicious, carefully planned attack upon all workers in the industry. . . .

It was designed to produce a "climate" for the Ford negotiations which will begin in a matter of weeks.

On March 19 Mr. Thompson warned in *Ford Facts* that:

Local 600 must be prepared to meet any eventuality . . . we dare not speculate that Vice-President Bugas' letter of March 2nd was merely a strategical maneuver; we must accept the letter at its face value and, upon its face, Mr. Bugas' letter is a declaration of war.

Mr. Thompson, accordingly, recommended that Local 600 immediately activate all necessary committees essential to carry out strike action.

The actual demands to be served on the Ford Motor Company were formulated and approved by the UAW–CIO National Ford Council at its meetings in Detroit on April 27–29. In his speech before the council, Mr. Reuther declared, "The negative economic factors which are developing do not in any way detract from the needs out of which our economic demands grew in the first place. . . . Our only answer is to take the offensive." The council elected Gene Prato of Local 600 chairman of the union's 15-man bargaining committee, to be assisted by Kenneth Bannon, director of the National Ford Department, the international officers, and staff members from the union's research and social security departments.

On May 2 Mr. Bannon served formal notice of the union's desire to "modify, amend and supplement" its agreement with the company. The specific proposals incorporated in the notice follow:

On economic matters we propose that a new Agreement shall provide an adequate pension and retirement program and a comprehensive social security program including health, hospitalization, medical, surgical, disability and life insurance provisions financed by the Ford Motor Company and administered by a Board of Trustees with equal representation from the Union and the Company, covering all employees covered by the Agreement; a wage increase sufficient to restore the buying power of wages to the level of June 1946 when OPA was destroyed; and revised provisions covering paid holidays, vacations and night shift premiums.

We also propose revision and supplementation of Articles I through XII of the Agreement.

We reserve the right to give further notice of additional proposals. . . .

It is our understanding that you agree with us as to the desirability of commencing negotiations concerning these matters immediately. Accordingly, we request that a conference be arranged for this purpose at your earliest possible convenience, but not later than May 16, 1949.

On May 9 a supplement to the notice of May 2 was served upon the company listing the contractual changes the union was desirous of making. Included were the following: elimination of the prohibition against unionization of executive, supervisory, or work standard employees, and other representatives of management; establishment of the union's unlimited right to organize; provision that all work done "for and by" the Ford Motor Company be done by employees covered by the agreement; revision of management's rights clauses in respect to (1) promotion and automatic progression within occupational groups, (2) standards of production, (3) working rules, and (4) overtime; elimination of those contract sections which dealt with union responsibility to prevent strikes and work stoppages; [1] reallocation and increase in the representation structure under which employees were entitled to representatives acting on company time; changes in the grievance procedure to shorten the time required to process grievances, with additional clauses to enforce settlement; broadening of the powers of the umpire; revision of seniority clauses affecting (1) veterans, (2) probationary employees, (3) all excluded personnel, (4) temporary layoffs, (5) model changes, (6) shift preferences, (7) transfers and loans, (8) leaves of absence, and (9) changes in the seniority break period; [2] limitation on the time to settle disputes concerning problems designated as "local" by the contract; granting the union unrestricted use of bulletin boards; changes in lunch schedules; modification of "Appendix A" which set forth company rules and penalties for breach of such rules; abolition of all spread rates; adjustment of "existing wage inequities"; designation of the starting time for work weeks and shifts; provision for a new "hiring-in" agreement; granting of a bonus of 10 cents per hour to be paid to all foundry workers; establishment of a wash-up period; changes in call-in pay provisions; and granting of time and one-half to be paid for Saturday as such, double time for Sunday as such, for all employees.[3] Once again, the union requested that negotiations start "not later than May 16, 1949," the earliest date possible under the contract.

[1] These sections setting forth "union responsibility" constituted the important portions of clauses written into the contract during the 1946 negotiations to assure "company security." See "Ford Motor Company—Negotiating the First Postwar Agreement," pp. 288–298.

[2] Employees who were on the payroll on June 20, 1941, had, in effect, lifetime seniority. Seniority status for employees hired after June 20, 1941, was lost by a layoff of equal or longer duration than the employee's seniority at date of layoff or eighteen months, whichever was longer.

[3] The last proposal affected employees working on continuous seven-day operations in steel.

III. The "Speed-Up" Strike

Contract negotiations were not to open on May 16. On May 6 the 65,000 members of Local 600 "hit the bricks" for the first time since the company had granted recognition to the union. The issue was an explosive one—that of "speed-up." Nor was it a new issue. Over six months before, Mr. Thompson had written in *Ford Facts:*

> Drums are beating on the banks of the Rouge. Political drums. "Speed-up," "Speed-up," "Speed-up," they pound out in ever-increasing crescendo. "Mass meeting," "Mass meeting," "Mass meeting," their pip-squeak piccolos pipe. "Strike," "Strike," "Strike," their big bass drums will soon be booming. . . .
>
> For the purpose of the record and so that no one will get any false impressions concerning what I say hereafter, let me state: The Ford Motor Company is making an all-out attempt to speed up production in the Rouge plant.
>
> . . . This slave-driving piece work system of the auto companies was one of the principal reasons for the almost overnight growth of the UAW–CIO in 1937. . . .
>
> But the Communists, for political purposes, would have you believe that it is something new—and that they and their followers in the Rouge Plant have discovered this new and startling speed-up. . . .
>
> . . . the political opportunists in the plant are engaged in a deliberate attempt to mislead the Ford workers. . . .
>
> There is no royal road to the solution of the speed-up problem. Only hard work by your officers and committeemen in the grievance procedure, right in the plant. If that fails, we can always hit the bricks.

The controversy arose from the so-called "speed-up" of the final assembly lines in the Dearborn assembly plant ("B" building). The company had insisted it had the right to operate these lines during any portion of a man's working day at a speed faster than the standard rate so long as (1) the *average* rate of work required during his eight-hour shift was not higher than the *standard* rate, and (2) health and safety were not endangered. Meetings between the company and the local union were unavailing. On April 16, 1949, Ford Rouge workers by a vote of 2,905 to 92 authorized the local union to take a strike vote during the next week. By the majority of 31,926 to 4,400, Rouge workers approved strike action. Similar action over the same issue was taken at the Lincoln plant. Both Lincoln Local 900 and Ford Local 600 petitioned the International Union's Executive Board for strike authorization—an authorization required under the constitution of the UAW–CIO.

On April 25, Mr. Reuther telegraphed Mr. Thompson that he had assigned trouble shooters to seek an immediate meeting with the company on "speed-up" grievances. "If the issues are not worked out by the time the union's executive board meets, the board will act on your request for a strike authorization."

The UAW Executive Board, meeting on April 28, approved a strike at the Lincoln plant. At the same time action against the Rouge plant was withheld pending further investigation by a special committee, headed by Mr. Mazey. Mr. Reuther addressed the UAW National Ford Council, stressing the fact that the union's strike fund would be greater than $4,000,000 by

mid-July when the 1949 Ford contract expired. He assailed the Communists in the UAW who, he said, were continuing their disruptive tactics even though numerically they had lost strength. He warned them that the rank and file would rise and throw them out of the union if they did not curb their "divisionist" tactics on the eve of important negotiations.

On April 29, when the international's investigating committee arrived at the Dearborn assembly plant ("B" building) to check on the local union's charges, it was met by the Local 600 officers and committeemen representing the "B" building. A dispute arose between the investigating committee and the committeemen which resulted in 22 of the committeemen resigning their posts and walking off the job. A stoppage ensued, idling 1,200 employees, when some of them refused to continue work "without representation." The investigating committee postponed its checkup. At a meeting the next day, the union's "B" building membership instructed the committeemen to resume their posts, and all local union officers attached to the building to cooperate with the International Union's investigating committee.

The investigating committee returned to "B" building on May 2 and reportedly found the assembly line speed not excessive. The committee then met with company representatives and stated that it was satisfied with the speed of the lines at the time it had observed them and asked that the company agree in writing to maintain the speed at the observed rate.

On the next day the executive board of Local 600 decided on a walkout to begin at 10:00 A.M. May 4. Mr. Thompson, in explaining this action, charged that the company had speeded up its lines on May 3 which so angered the local board that it had decided on peremptory action at its regular weekly meeting. Three hours after this decision had been announced, Mr. Reuther gave official approval of the International Executive Board for a walkout at noon on May 5, the time already approved for Lincoln workers. Mr. Reuther then persuaded the Local 600 executive board to amend its earlier action and agree to the May 5 deadline.

In announcing the strike deadline, Mr. Reuther voiced agreement with the Rouge executive board that the "B" building line had been speeded up on May 3. He termed it evidence of "double-dealing and bad faith" on the part of management, and said that the International would not "tolerate any kind of speedup in any plants under contract with the union," but until the strike deadline is reached, "the union is prepared to exert every effort . . . to reach a settlement through negotiations."

The reaction from the company was immediate. Management had spoken only once before on the speed-up issue; now it broke its silence in a telegram sent on May 3 to Mr. Reuther by Mr. Bugas:

> I have read with astonishment the statement which you have released to the Press.
>
> You have seen fit to accuse the Ford Motor Company of "double dealing," "bad faith," and with a "speed-up in violation of contract," and a refusal to settle the existing controversy on a fair and equitable basis.
>
> I make no accusation of bad faith on your part. But I can only conclude from this intemperate, irresponsible, baseless statement that the Union has for some

indiscernible reason determined to call a strike without reference to the facts and without a sincere effort to define the issue and settle it in accordance with the Union's contractual obligations.

The issue is a simple one. The question involved is whether the Company has violated its contractual obligations by taking action which may impair the safety or health of the employees. Although I am confident that we are in the right on this issue, we have repeatedly offered to submit to arbitration under our contract the question of whether our policies and practices are in conformity with our contractual obligations.

. . . These policies and practices do not require any employee to do more than a reasonable day's work in any eight hours. . . .

The Union has persistently refused to bring in an impartial industrial engineer. It appears that the Union is unsure of its position and wishes to preserve this whole matter as a strike issue. . . .

Mr. Thompson's statements in his wire to you, wherein he stated we violated an oral agreement to maintain line speeds at some set rate, and wherein he stated that we speeded up the B Building assembly line today, are pure fabrications and appear to be a prime example of bad faith to drum up a strike atmosphere.

This action on the part of Local 600 came at a time when further efforts to peaceably iron out this matter were scheduled between the parties. The action represents to us a complete lack of coordination between Local 600 and the International UAW, and further epitomizes the absence of an effective sense of responsibility on the part of Local 600.

A meeting of Company and Union representatives is scheduled Wednesday, May 4, at 2:00 p.m., so we can continue our efforts to settle the matter peaceably. In view of the great importance this matter has assumed it is hoped that you personally will attend.

We wish to do everything within reason to avert a strike.

Negotiations between company and union representatives were held without progress during both the afternoon and evening of May 4. In a final effort to avert the strike, Mr. Reuther sat in on the morning meeting of May 5. As the session broke up at 12:30 P.M. with no date set for the resumption of talks, the men at Ford and Lincoln had already taken up their places on the picket lines. The absence of violence stood in marked contrast with the 1941 Ford strike.[1]

Henry Ford II mailed a personal letter to the "Men and Women of Ford Motor Company" on May 6, excerpts from which follow:

I want you to know how all of us here feel about this strike.

We don't like it because we don't understand it. We like it even less because we went to great lengths to avoid it. It is the first major strike of hourly employees which has occurred since 1941—the first real break in a record of which all of us have been very proud.

Thousands of men and women are being unjustly penalized by this strike action. You can add to the 62,250 Detroit area employees and their families 43,750 of your fellow-employees in outlying production and assembly plants. You can also add our 7,200 dealers and their 100,000 employees, to say nothing of the thousands upon thousands of men and women in the plants that supply us.

. . . And that does not even take into consideration the most important group of all—our customers, the people who keep these plants going with their orders.

[1] The company discharged 14 employees of "B" building and gave disciplinary layoffs (effective when the strike ended) to 14 others on May 6 for alleged prestrike agitation.

I am most definitely of the opinion that every issue leading up to this strike could have been peacefully resolved by continued negotiation or arbitration, both of which we proposed right up to the moment of the walkout itself. Under the circumstances, we cannot understand why a strike was called, unless it was promoted by some political situation within the union.

There has been a great deal of loose talk about a so-called "speed-up." This is a most unpleasant word which would seem to describe some sort of inhuman treatment of employees. Any time the health and safety of any Ford employee are endangered, we want to know about it—and fix it, immediately.

Moreover, from the point of view of any sane management, "speed-ups" are silly. Efficient work standards mean a smooth and steady production flow which will allow men to turn out their best work without doing them harm of any kind.

I will go even further and say that efficient work standards are the best insurance we have that we can meet competition and thereby assure ourselves of maximum employment at the highest possible wages. . . .

We told your representatives last Thursday when the strike broke off negotiations we are willing to sit down and discuss this matter further. But I want to make it quite clear that this company now and always will hold to its right—fairly and firmly guaranteed under our contract—to establish work standards which will assure efficient operation without impairing in any way the health or safety of our employees.

I am sorry this strike had to happen.

Although negotiations continued with a joint committee representing both Ford and Lincoln workers, reports of "no progress" continued. The company, speaking through Mr. Bugas, declined several offers of mediation "prompted either by politics or good intentions."

Both Mr. Reuther and the officers of Local 600 answered Mr. Ford in separate letters on May 9. Mr. Reuther advanced a three-point proposal: (1) that negotiations be resumed on the morning of May 10; (2) that Mr. Ford participate directly in the negotiations; and (3) that, failing resolution of the dispute by May 13, he and Mr. Ford debate the issues involved in the dispute at a meeting of all Ford employees in Briggs Stadium. Mr. Ford immediately telegraphed the company's willingness to resume negotiations at 2 P.M. on May 10, stating that Mr. Bugas would be present on behalf of the company. Mr. Ford declined to agree to public debate.

In their letter, the officers of Local 600 wrote, in part, as follows:

We are writing to you, not only as officers of Local 600, but also as workers with years of service in the River Rouge Plant. In this respect, we believe we voice the sentiments of the many thousands of our fellow workers who are much closer to us, as their chosen leaders, than they are to your supervision and management upon whom you must rely for your information about the operations down on the assembly line of the vast River Rouge Plant.

We are answering your letter mailed to all employees this week, because we believe you are sincere in the convictions expressed therein; and also greatly misinformed as to the true facts in the present controversy. . . .

About two years ago, the Union began to notice a change. No longer did company labor relations men speak with authority. It became necessary to clear everything through channels.

We wonder if this change was brought about by the influx of GM executives into top management positions?

Regardless of the reason, a change took place. The old Ford family of em-

ployees concept was replaced by something that smacks of GM, Chrysler and NAM. . . .

If you will let your memory go back to just about a year ago, you will recall that the Rouge workers suffered a WAGE CUT and we did not let them go out on strike, though there was terrific pressure so to do. That was the time when the smart boys in your organization decided to take away the 20-minute paid lunch period, *without compensation to the workers in return, remember?* They got away with it by referring it to the impartial Umpire (a form of arbitration), who had to turn legalistic somersaults in order to give the company the decision.

Now these same smart boys have again proposed *arbitration* of the present controversy. . . .

We have repeatedly stated that we would not submit this issue to arbitration because there is nothing to arbitrate.

In simple words, the union maintains that the company shall run operations at 100%, *and no faster*, of the production standards established for each job. Your representatives maintain that they will run the jobs at any speed they please. . . .

We emphatically agree with you that this issue could be negotiated between the company and the union. . . . And that is what we are willing to do, right now, if your representatives will talk about the problem involved. . . .

But we will go further than that. We will enter into a written agreement . . . provided it embodies *these three points and no others:*

1. Speed of assembly lines to remain constant in line with established production standards.
2. Uniform spacing of jobs.
3. Balanced distribution of manpower over entire line so that the individual worker is not required to work in excess of normal work or to make up losses in production resulting from factors over which the worker has no control. . . .

Let's put it in writing so that those hundreds of assistant foremen, foremen, general foremen, assistant-superintendents, superintendents, building and division managers, time-study, labor relations, and all the others who have to do with the management function will know that this is the law of the Ford Plants. . . .

We assure you that, if this simple statement of policy is reduced to writing between the union and the company, operations can begin on the very next shift and we can get back to the important job of servicing Ford customers.

Eight days after the strike began and while negotiations were in progress, Cyrus S. Ching, director of the Federal Mediation and Conciliation Service, sent telegrams to the parties, in which he observed that the stoppage had such a widespread effect upon the delicate balance of the national economy that the parties should recognize their public as well as private obligation to settle the dispute with dispatch. Mr. Ching stated that unless significant progress were reported within a reasonable time he would be obliged to request the parties to meet with representatives of the Conciliation Service.

Ford's concern with its long-run union relationships, and its analysis of the speed-up strike as a component of those developing relationships, was pointed up in a telegram from Henry Ford II to Mr. Ching on May 15:

I have your telegram of Friday, and am told that Mr. Reuther has replied to an identical wire by asking your intervention in the negotiations over the strike called here 11 days ago by UAW–CIO.

If you should conclude that the public interest requires your stepping into our negotiations at this time, I want to assure you of all possible assistance.

I should like to suggest, however, that before making your final decision to

intervene you weigh carefully other factors in this situation besides the work stoppage itself.

Some of these factors seem to me most definitely to involve the long-range interests of the American people and the balance of our economy.

First, it is basic Ford policy to conduct our relationships with employees on a straightforward, across the table basis. All our efforts are directed towards minimizing the need for government intervention and toward quick and peaceful settlements of arguments within the family.

Second, we anticipated disputes of the technical kind over which this strike has allegedly been called by providing in our contract for appointment of a qualified and impartial expert to arbitrate. The Union has stubbornly refused to use this normal machinery. . . .

Third, this strike thus is both an unnecessary and inexcusable action on the part of UAW–CIO.

Fourth, . . . the thousands of families who are suffering because of this strike are victims of political cross-currents in certain factions within UAW–CIO, and not of irreconcilable Company-Union differences.

Fifth, in our opinion, if the leadership of this unwarranted strike had concentrated as much on reaching a reasonable settlement with us as they have on finding a way of pulling their political hot potatoes out of the fire, this strike would have been ended long since, and perhaps would never have started.

Sixth, the right and responsibility of management to establish reasonable work standards is being challenged so seriously here that we see no course except that of resisting it to the utmost.

Finally, it seems to us that another most significant issue is presented in this strike. It is the question of whether the integrity of contracts mutually agreed to by American labor and management is to be preserved, or whether such a contract and all its careful safeguards of industrial peace can be thrown into the ash can whenever a high political wind blows up in the Union. . . .

Perhaps we could save ourselves the great expense and disruption of continuation of this strike if we were to agree post-haste to any expedient which could save the face of a small group of embarrassed Union leaders. But we feel that in doing so we would be both selfish and short-sighted, and would actually betray for immediate gain the only sound basis for progressive labor-management relations here or anywhere else—that of mutual responsibility under contract.

If you decide under the circumstances to enter our negotiations, I want again to assure you of every possible cooperation.

In a letter on May 16, the date originally suggested by the union for opening contract negotiations, Mr. Thompson wrote to "The Presidents of All Local Unions Affiliated with the International Union, UAW–CIO":

I have been repeatedly asked: "Was it a mistake to call this strike at this time, when negotiations for a pension and new contract were scheduled to begin this week?"

The answer is an emphatic "No."

If we had permitted the Ford Motor Company to get away with their interpretation of the contract on this issue, a new contract would not be worth the paper it was printed on.

On May 17, the company pointed out that more than 102,000 Ford employees were out of work because of the strike, and yet the dispute was a technical one confined to two specific localities involving directly less than 5,000 men; accordingly it proposed that the UAW amend its strike authorization to permit all Ford workers to return to their jobs, except those in the

buildings directly involved in the dispute. Labeling the proposal "fantastic" and "obviously not acceptable," a union spokesman characterized it as "merely a variation of the old employer's trick of divide and rule."

On the day the Conciliation Service intervened, May 19, Mr. Reuther wrote Mr. Bugas suggesting a variety of schedules for meetings between the company and the union, "any of which will permit simultaneous or reasonably continuous negotiations on both the strike and the contract." Mr. Reuther concluded, ". . . if the company will not meet on any of the schedules suggested and declines to suggest some alternative arrangement which will accommodate substantially concurrent negotiations on both the strike and the contract, the Union advises that it is unwilling to negotiate on either subject to the exclusion of the other."

In rejecting the union's demand, Mr. Bugas declared:

> . . . our full time and effort for weeks has been concentrated on finding means of averting a strike and, once it had been called, of reaching an agreement quickly.
>
> On the other hand, . . . it now appears that you are using the strike to coerce us into yielding to your contention as to the date of commencement of negotiations on the new contract. This is a clear violation, both of our contract and of your duties and our rights under the law.
>
> We do not take the offhand view of the strike which you appear to take. First things come first. . . .
>
> We propose that for the present we both spend full time reaching a settlement of the strike, taking full advantage of the assistance of the Federal Mediation and Conciliation Service. We hope that by following this course we may be able to open our contract negotiations in an atmosphere of peace and not of war.
>
> If you put your ultimatum into effect . . . , you must be held personally accountable for the added distress which will have to be endured by our employees, and the thousands of other people who are being unjustly penalized by the strike.

This met a prompt rejoinder from the union that unfair labor charges would be filed with the National Labor Relations Board.

On May 23, following negotiations which recessed in deadlock at midnight May 22, Mr. Reuther wrote Mr. Ford and Mr. Bugas, in part, as follows:

> . . . to remove from the area of dispute the issue which is blocking a settlement of the strike, the union proposes that this question of whether the company has the right under the contract to require an employee to work at a rate of speed in excess of 100% of the established production standards, and to make up production losses resulting from factors over which the employee has no control, shall be submitted to an impartial arbitrator.
>
> Well in advance of the strike . . . we were advised by the umpire that since this dispute involved the application of company policy with respect to production standards, it was of such a nature that in his opinion he doubted that he had jurisdiction or authority to act on the dispute.
>
> . . . The confusion which resulted from the company's use of the terms production standards and work standards has been dispelled in the past several days, since the company has now agreed that work standards and production standards are synonymous.
>
> It is this clarification of the issues and the narrowing of the area in dispute which makes it possible for the union at this time to advance a genuine arbitration proposal that will effectively resolve the real issue in dispute . . . and will permit the parties to resolve the remaining points through direct negotiations. . . .

The company's arbitration proposal would have authorized and permitted the arbitrator to rule on only the technical point of whether the established production standard (100%) was correct, and would not have authorized or permitted the arbitrator to rule on the company's claimed right to work an employee at an "enforced standard" in excess of the established standard of production (100%). . . .

If the Ford Motor Company accepts this proposal to arbitrate this point in dispute, on which the parties are deadlocked, the union is prepared to enter immediate negotiations with the company to arrive at a strike settlement agreement. . . . Any strike settlement agreement thus arrived at would of course be subject to ratification by the memberships of Local 600 and of Local 900, in accordance with the provisions of the constitution of the International Union, UAW–CIO.

Beginning on May 24, the parties sought to arrive at a proper statement of the question to be submitted to arbitration. By May 29 a strike settlement agreement had been signed under which an arbitrator or an arbitration panel (the latter in case a mutually acceptable arbitrator could not be selected within five days) should rule upon the following question:

Does the Company under the contract, on the basis of health and safety or otherwise, have the right to require an employee to perform his work assignment on any unit in less time than the Company's time study shows for his assignment, provided the employee is not assigned more than 480 minutes of work as measured by time study in an eight hour shift?

The speed-up strike was over! It had been the longest strike in Ford's history.[1]

The arbitration panel included Mr. Carl T. Dunn, an engineer named by the company; Mr. William Gomberg, management-engineer director of the International Ladies' Garment Workers' Union, AFL, named by the UAW; and Professor Harry Shulman, umpire under the contract. The panel, with the company representative dissenting, issued its award on July 8. Excerpts follow:

. . . [The union] insisted and insists now, that at whatever speed the company chooses to run its lines, each employee should have available for the performance of his assignment per unit of production the time shown by the time study standard. . . . The company has maintained throughout that it may properly allow an actual time per unit reasonably below the time study standard, particularly to overcome recurring minor delays, provided that the total work for the day as measured by standard minutes of work does not exceed 480 standard minutes. . . .

The truth is that the contract does not expressly spell out either conception. . . .

. . . the phrases "standards of production" or "work standards" (generally used synonymously) normally mean the quantity of work, as measured by standard work minutes, per unit of production rather than per any period of actual time. . . . The requirement that the employee meet his standard of production, as actually and necessarily enforced by the company, is not a requirement that he merely finish an eight hour shift with a given quantity of work. It is rather a requirement that he meet the standard fairly consistently throughout the day from unit to unit. . . .

In absence of convincing evidence, which is here lacking, that the parties used the phrase "standards of production" in some esoteric way, it should be given its normal meaning as just stated. . . .

. . . The "right of the company" ["to establish and determine and maintain

[1] The strike in 1941, for union recognition, had lasted less than two weeks.

and enforce standards of production"] which is "fully recognized" . . . is not a right to make a final and binding determination. It is not like other "rights" specified in Article IV, as for example, the right to "decide the number and location of plants" or the "products to be manufactured" or the "schedules of production" or the "starting and quitting time." As to these matters, the company may make final determinations which the union must accept for the term of the contract and which may not be made the basis of strike action during that term. Such is not the case with respect to production standards. There the right "to establish and determine and to maintain and enforce" is more in the nature of a right to initiate. . . .

We are required to determine the company's right under the contract. An absolute answer is not possible. . . .

We cannot, therefore, say that the contract prohibits the company in all cases from requiring an employee to perform his work assignment on any unit in less time than that shown by time study. Equally we cannot say that the contract grants the company the right to require an employee, fairly regularly and without countervailing relief, to perform his work assignment per unit in less time than the standard work minutes per unit . . . we believe the conclusion must be as follows:

The company may operate its lines at a speed in excess of the desired production schedule. But at whatever speed the lines are operated, the company must seek to make the individual employee's work assignment as measured by standard work minutes equal to or within the actual production cycle time available to him. That the company has done successfully for most work assignments. For those which cannot be made equal to or within the actual production cycle time, it is not a sufficient answer that the employee is not assigned more than 480 minutes of work as measured by time study in an eight hour shift. In such cases, appropriate solutions to fit the conditions of the particular jobs must be worked out. . . . The task is not one of achieving unit by unit or minute by minute perfection, but rather one of adopting a proper general plan and practice based upon accepted principles.

IV. Contract Negotiations

Negotiations for a new contract opened on June 2. When the company on May 5 had notified the union of its own desire to "modify, amend and supplement" the agreement, Mr. Bugas had proposed a full reopening of *all* provisions of the agreement in order to (1) examine economic matters "because of their relation to production costs"; (2) define clearly the rights and responsibilities of both the union and the company "in the light of the experiences of the past year"; and (3) present supplementary subject matter for the purpose of bettering the relationship between the union and the company. To expedite negotiations, the company had also proposed (1) to schedule meetings on alternate days, meeting four hours daily, to assure adequate time for preparation and (2) to limit the number of representatives from both sides to six people.[1]

The negotiations moved through four general stages: (1) from June 2

[1] Actually, the union's bargaining committee numbered 15 representatives in addition to Mr. Reuther and his staff. The company's regular committee was composed of 13 members—7 from the industrial relations central staff, a manager of a Rouge production unit, 3 from plant industrial relations staffs, 1 from the board of directors (William Ford), and 1 from the general counsel's office. From time to time 2 or 3 additional consultants or specialists were brought into the meeting by the company.

to June 22, when the parties felt each other out, and the union rejected the company's first major offer on economic proposals; (2) from June 23 to July 26, when negotiations moved from economic to noneconomic issues and back again—with little results; (3) from July 27 to September 10, when Mr. Reuther entered the negotiations and the strike vote loomed important; and (4) from September 10 to September 29, when the recommendations of the Steel Industry Board were made public, and settlement was reached.

At the first bargaining session, the union stated that it was unable to reduce its representatives to six, but agreed that, for the first week at least, meetings should be held on alternate days for four hours each day. Both sides agreed that publicity should be avoided, at least in the early stages of negotiations. Indicating that it preferred to discuss the noneconomic and the economic issues concurrently rather than separately, the union agreed to submit immediately its noneconomic proposals as well as a partial outline of its economic demands.

During this first stage, the union read its position on most articles in the order of their appearance in the contract. These proposals represented substantial revisions of almost every provision except those dealing with management's rights and with strikes and lockouts. These two articles the union wished to withhold from discussion until the arbiters rendered their decision on the "speed-up" dispute. The company committee responded by reading equally comprehensive, but quite divergent, proposals for revisions.

After initial bargaining positions had thus been established, the article establishing the union shop was selected for first discussion. Tentative agreement was reached when the union accepted the company's proposal to retain the current provision essentially unchanged, but to stipulate adjustment in the event that the Labor-Management Relations Act of 1947 were amended to make legal union membership as a condition of employment. The company clearly made agreement on the union shop contingent upon satisfactory resolution of provisions guaranteeing management's rights and no strikes or lockouts during the life of the agreement.

The first major offer by the company on economic proposals was made on June 18 in the following letter from Mr. Bugas to Mr. Reuther:

> Our negotiations have come to a turning point. Thus far, discussions have been confined to proposed non-economic changes in the present contract. Talk will shortly turn to the vital matter of general economic demands. . . .
>
> . . . The question we both have to answer—certainly in the best interests of employees, and perhaps also in the best interests of the economy—might be stated like this:
>
> *What agreement can we reach which gives the best promise of providing the largest number of steady jobs to Ford employees?*
>
> There is a way to prevent needless loss of jobs at Ford Motor Company over the period ahead. Moreover, in our opinion, this way provides both of us the opportunity to set a "stabilization pattern" for the entire economy at this critical time.
>
> Any stabilization pattern must take into account the following considerations:
>
> 1. Unemployment is rising. In May there were 3,300,000 unemployed. The

way things are going now, this total may reach 5,000,000 this summer—as against 1,900,000 in April, 1949.

2. Industrial production is off 10% from November, 1948.

3. The cost of living has been dropping and further decreases this year appear certain. The drop to date has meant an important increase in the real wages of our employees.

The average rates paid by our major competitor will in all likelihood be reduced.[1] As a result we face the prospect of being at continually greater competitive disadvantage in labor costs—even at our present rates.

4. Auto industry economists forecast a market in 1950, 1951, and thereafter of about 4,700,000 cars and trucks annually. This compares with a national market which was running at a rate of about 6,900,000 cars and trucks annually as of June, 1949—a reduction of 32%.

5. So far as the security of our employees is concerned, the important problem is to retain jobs for Ford Motor Company workers in a narrowing market. Our ability to do that will depend on the price of Ford products. This, in turn, will depend upon Ford costs. Higher labor costs today—in any form—would result in loss of jobs.

6. The recent strike of UAW–CIO against Ford resulted in a loss of production of 116,587 cars, trucks, and tractors. These are sales lost to competition at a time when the future security of our company and our employees makes it imperative that we better our competitive position. . . .

We will, therefore, reject any change in our contract which would mean higher labor costs—whether in the form of wage increases or pensions and other welfare funds. We must oppose any program which means higher wages but fewer jobs.

We propose to establish, by our contract, a "stabilization pattern" which will assure jobs for the maximum number of our employees in the period ahead.

This is the stabilization pattern we propose:

1. The union to withdraw all general economic demands for a period of 18 months;

2. The company to maintain present wage rates for a period of 18 months from July 16, 1949;

Provided that on January 15, 1950 and again on July 15, 1950, either party may have the right to reopen the contract for negotiation to adjust the general level of hourly job rates if the latest published B.L.S. index shows a change of four points or more in the interim.

We urge your careful study and prompt adoption of this pattern. . . .

Moreover, critical decisions in other industries and companies, affecting thousands of men and women, are being held up awaiting the result of our negotiations. What we do now will have an important effect upon our national economy for years to come.

Formal response to Ford's "stabilization pattern" came in a letter from President Reuther to Mr. Bugas:

Your proposal is another flight into fantasy. It is the same sort of unsound and unrealistic proposal as those you have previously advanced during negotiations in the past several years.

In 1948 you proposed at the beginning of negotiations that the Ford workers take a wage cut. The result of the negotiations was a 13 cents an hour increase and other economic concessions. Your proposal this year for a wage freeze is no closer to the realities of the situation than was your proposal last year for a wage cut. . . .

The so-called "stabilization pattern" which you propose is a pattern for con-

[1] See General Motors Corporation: Negotiating the 1948 Agreement, pp. 359–375.

tinued and increasing unemployment. It is the same kind of economic patent medicine prescribed and administered by the men who steered our economy into the tragic depression of 1929. The Ford Motor Company cut wages in 1932 but, if you recall, that cut did not result in any stabilization of our economy. . . .

During the dark days following the 1929 crash there were no unions in the major part of American industry to resist wage cuts. Industry cut wages right and left—but this did not give the workers jobs or security. Operating on the basis of your kind of stabilization pattern, jobs became scarcer—economic activity stagnant—with 16 million Americans without work—without hope—without self-respect.

Your memory should remind you that workers' security and job opportunities did not improve in the early thirties until the government was compelled to take steps to provide the great mass of people with some measure of buying power.

I should like to suggest that you re-read my letter to you dated March 10, 1949,[1] and that we get on with the negotiations and address ourselves to the economic realities of the world in which we live. . . .

As the parties entered the second stage of negotiations on June 23, the union distributed copies of a 133-page brochure embodying its pension demands. Illustrated with nine charts and eleven statistical tables, the document contained data on age and cost factors, precedents, benefit standards, and administration and service. The company grounded its rejection of these pension demands upon the uncertain outlook for the general economy and upon its own competitive disadvantages, particularly with relation to labor costs.

Because of the time-consuming nature of pension discussions, the union pointed out on July 1 that insufficient time remained for comprehensive negotiations prior to the expiration date of the current agreement on July 15. The company concurred, and it was agreed to extend the contract with the understanding that a five-working-day notice would be required for its termination. The union presented its second documented brochure, this one supporting its other social security demands. Thereupon the company set forth again, in a letter on July 1 to Mr. Reuther, its "stabilization pattern" for disposing of economic issues.

We are presenting to the UAW–CIO Negotiating Committee again today our proposals for dealing with the major economic issues in our new contract. Since you have not been present at our negotiation sessions, we want to make sure that you are kept fully informed of our position and proposals. This letter will therefore supplement our letters of March 2 and June 18, 1949.

In our letter of June 18th we told you why we will reject any change in our contract that will mean higher labor costs. . . .

We therefore ask you to bear in mind these additional and most important factors:

1. Our average straight time hourly wage rates are as high or higher than those paid by our major competitors. In 1939 this hourly rate was 90¢. As of April, 1949 —only a little more than 10 years later—*this hourly rate stood at $1.66.*

2. To get a true picture of how Ford employees stand today, you must *add about 18½¢ per hour to the current rate of $1.66 for other direct and indirect benefits.*

In 1939, Ford employees had, in addition to wages, other direct and indirect

[1] See pp. 328–329.

benefits totaling not more than 4¢ an hour. At the present time, Ford employees enjoy such "hidden payroll" benefits of about 18.5¢ an hour.

These benefits are all part of our total labor cost, and include such things as payments for vacations and holidays, social security, unemployment compensation, salaries of Union committeemen, and group insurance.

3. Nor is this all. No overtime or shift premium time payments are included in either the average straight time rate of $1.66 or 18.5¢ an hour for other direct and indirect benefits. We estimate that payments for overtime and shift premiums during the next year will add 7.5¢ hourly to our total labor bill.

We end up, then, with an average true per hour labor cost to the Company of approximately $1.92 at current rates.

4. Since July, 1948, when our present contract was signed, the downward turn in the cost-of-living index has given our employees increased purchasing power of almost 4 5¢ per hour.

This reduction in consumer price levels *has amounted to an automatic 4.5¢ average wage increase for Ford employees* since our last agreement was signed.

5. *Ford employees are already better off, according to any good yardstick, than the vast majority of their fellow employees in other industries.*

The average straight time wage at Ford of $1.66 stands far above the national average hourly earnings of $1.35 for all manufacturing industries.

Bearing these additional factors in mind, we again urge upon you our proposals for settlement of this year's economic issues.

The first is that *the Union withdraw all economic demands for a period of 18 months.*

The second is that *we will agree to maintain our present high wage rates for a period of 18 months.*

Both of these proposals are subject to a general provision that reopenings of the contract on straight hourly wage adjustments will be permitted by either of us if the Bureau of Labor Statistics' so-called "cost-of-living index" moves up or down four points or more.

In a letter to Mr. Bugas on July 1, Mr. Reuther again rejected as "unsound and unrealistic" the company's position. Mr. Reuther wrote:

> The needs of the Ford workers and their families are simple and compelling. As we advised you earlier, they cannot be ignored or postponed. . . . In all of your communications you have failed to mention the basic non-economic contract changes involved in the current negotiations. . . . These basic non-economic contract matters are of equal importance with economic matters, and . . . no agreement with the Ford Motor Company will be consummated until the needs of the Ford workers have been met in both of these contract areas.

At this point, the parties turned to discussion of "these basic noneconomic contract matters," upon the union's proposal to set aside major economic issues in favor of an attempt to arrive at agreement on the other numerous contractual differences. Among the more important changes sought by the union were the following: removal of contractual limitations on the union's right to organize salaried employees; guarantee of equal division of work among shifts; deletion of clauses stipulating retention by the company of all rights not expressly modified in the agreement; establishment of a promotion system based solely on seniority; guarantee of equalized rotation of overtime; limitation on the company's right to bring in outside contractors for construction work which had at one time been performed by Ford employees; an increase in the number of union committeemen; union participation on a

joint basis in the establishment of working rules and regulations; incorporation into the contract of provisions for joint safety committees; elimination of temporary layoff provisions defining such a layoff as "not more than fifteen working days" during which employees could not "bump" those junior to them in seniority; deletion of clauses providing for the retention and further accumulation of seniority for foremen and other excluded employees promoted out of the bargaining unit; the elimination of spread rates for unskilled jobs; the liberalization of call-in pay provisions; the exercise of Rouge area-wide seniority; elimination of the umpire system for a trial period of two years; premium payment for Saturday and Sunday, as such, for workers on seven-day, continuous operations in lieu of current provisions for premium pay in such operations for all hours worked over 8 in one day and 40 in one week; increases in the time limits for the union to file grievances and decreases in the time limits for the company to answer grievances; prior consideration to employees laid off as a result of permanent discontinuance of work at one plant in hiring at other plants; limitations on the company's right to effect temporary loans of employees between job classifications, seniority units, or plants; contractual definition of the work week; increases in afternoon and night shift differentials; reduction in the probationary period for new employees from 6 months to 30 days; deletion of "union responsibility" clauses guaranteeing "management security" regarding strikes and work stoppages; guarantee of the smoking privilege; limitation on management's right to change the lunch period once it was set; elimination of the current restriction on the umpire to modify penalties for employees instigating or giving leadership to illegitimate strikes; [1] modification of management's rights to establish and enforce work standards; increases in vacation benefits; cancellation by the company of all its existing labor relations records on individual employees; limitation on the length of time the company could schedule shortened work weeks; [2] and liberalization of vacation eligibility requirements.[3]

The company countered the union demands by advancing a number of noneconomic changes of its own, including: the reduction of the number of union committeemen; the sharing by the union of the expense of union committeemen, now met entirely by the company; the establishment of a four-turn, rotating shift system for the company's continuous steel operations in order to reduce what the company claimed were excessive premium payments

[1] The contract provided: "The umpire shall have no authority to modify such penalty with the sole exception that if he determines the employees not to be guilty [of instigating or giving leadership] . . ., but to be guilty of participation in such illegitimate strike, he may reduce the penalty to that appropriate for such participation."

[2] The union preferred work schedules providing for full-time work weeks followed by full-time shutdowns, in place of shortened work weeks, so members could qualify for unemployment compensation benefits.

[3] The contract provided: "The vacation period shall begin on December 1 and end on November 30 of the next year. Employees who are entitled to a vacation shall become eligible on December 1 for vacation in the ensuing fiscal period." The union argued that under this clause an employee whose hire date fell immediately after December 1 had to forego a vacation until the completion of 23 months' employment.

for overtime; the exercise of seniority in skilled classifications on a unit (rather than a Rouge area-wide) basis; the establishment of a procedure for the screening of grievances by the UAW's National Ford Department prior to their being submitted to the umpire; relaxation of restrictions on the loan or transfer of employees; continuance of foremen's rights to perform, in emergencies, work usually done by hourly rated employees; and the exclusion of timekeepers from the bargaining unit.

The parties found only limited areas for agreement. The union continued to insist on the compelling need for each of its proposals while finding those of the company lacking in merit. In like manner, the company rejected the union's proposals and remained firm in its insistence on renewal of the current provisions which the union would change. While both parties agreed that a speedy, smoothly flowing grievance procedure would be of benefit, they could not agree similarly on how to assure it. One issue was resolved when the company accepted the proposal to give employees laid off as a result of permanent discontinuance of work at one plant prior consideration in hiring at other plants. On July 7, the union added an 11 cent per hour increase to its other economic demands.

With little progress being made toward settlement of noneconomic issues, the company on July 18 and 19 made a full economic presentation. It now elaborated the economic analysis by which it had previously rejected the union's demands by arguments on (1) comparative wages, (2) competitive conditions and (3) uncertainties in the economic outlook. Its negotiators contended further that (1) the ability of unions to raise real wages rested principally upon increases in productivity; (2) the automobile industry was highly competitive and did not engage in monopolistic practices as the union had charged; (3) an analysis of the distribution of national income in 1948 and of personal savings in 1948 revealed that wage and salary recipients fared well in relation to other economic groups; (4) estimates of consumer expenditure for 1950 indicated a shrinking market for automobiles; (5) lower prices for Ford products were essential to continued sales and job security; (6) the rate of investment, determining as it did the rate at which new job opportunities were created, was dependent to a large extent on the rate of return on invested capital; and (7) lower prices, in contrast to higher wages, offered a better method of economic adjustment since it permitted all sectors of the economy, including fixed-income recipients, to participate in the fruits of increased productivity. On the basis of these criteria, the company contrasted in its presentation the soundness of its own proposed "stabilization pattern" as compared with the union's 1949 economic proposals.

Among the many focal considerations which the union advanced in support of its position were the following: (1) an 11 cent per hour wage increase was necessary to restore the buying power of wages to the level of June, 1946, when OPA was destroyed; (2) increased wages were necessary to assure adequate purchasing power in the hands of consumers if job security was to be protected; (3) the automobile industry's recent profits reflected more than

an adequate ability to pay; (4) a reduction in product prices, with a resulting increase in sales, was economically more feasible than a "self-defeating" limitation on worker income, and hence on consumer purchasing power.

During this second stage of negotiations, the UAW held its Twelfth Constitutional Convention in Milwaukee from July 10 to July 15. Absent were the gusty political tensions that had made prior UAW conventions tumultuous. Mr. Reuther and his slate of officers won re-election handily. His own margin over his "Progressive Unity" opponent, W. G. Grant, former president of Local 600, was 8,021 to 639. The convention's central theme was the union's drive for pensions and health insurance. The delegates authorized the International Executive Board to levy an emergency strike assessment, and passed, among many, resolutions pledging the full resources of the union to winning the objectives of its 1949 wage drive, reaffirming its determination to organize office workers, and directing the International Executive Board and the local unions to work towards the elimination of any type of company security clause from all contracts. They voted down a Reuther-endorsed constitutional change that would have established biennial conventions.

* * * *

The third stage of negotiations opened on July 27 when Mr. Reuther entered the sessions. After reviewing the union's arguments for economic demands, he reiterated the union's position on the "high spots" in the contract, the essential issues that separated the parties. These were as follows: (1) deletion of union responsibility (management security) clauses; (2) removal of the limitation on the union's right to organize office workers; (3) restriction on the use of outside contractors to perform work formerly done by Ford employees; (4) the company's proposal for a reduction in the number of committeemen; (5) revision of the grievance and umpire procedure; (6) management's desire to eliminate Rouge area-wide seniority in the skilled trades; (7) elimination of, or reduction in, the 15-day temporary layoff provision; (8) reduction in the probationary period for new employees from 6 months to 30 days; (9) increases in afternoon and night shift differentials; (10) improvement in vacation eligibility rules; and (11) the elimination of spread rates for unskilled jobs. Upon conclusion of Mr. Reuther's summation, the morning session closed.

The afternoon meeting, held in the presence of state mediation representatives, was devoted to making arrangements for a state-conducted strike vote. Previously, on July 21, the union had requested the Michigan Labor Mediation Board to conduct such a vote in accordance with the Michigan Labor Mediation Act (Bonine-Tripp Act) which makes mandatory, prior to the calling of a strike, a state-conducted secret ballot among employees of a bargaining unit to determine whether they favor strike action.[1] At the meeting on July 27, the union stated that it was unwilling to have the election on

[1] The UAW had already conducted a strike vote in Ford plants between April 26 and July 14. Typical were the results from the Rouge plant where workers favored a strike by a vote of 2,902 to 172.

company property [1] after Mr. Bugas had offered its use for the vote. "We want to cooperate in every way," Mr. Bugas had said. Negotiations were recessed for four days at the request of the company.

In its weekly paper *Ford Rouge News* the company in a front-page editorial dated July 29 urged every eligible employee to vote on the strike issue. Explaining that "you are entitled to know how we feel about this question," the company set forth its position as follows:

> . . . the question is not one of voting for or against the Union. Some Union leaders have been telling you that a vote against the strike is a vote to break the Union. That is not so.
>
> The question is whether you think a long and costly strike in support of the Union's program is better than accepting the Company's proposal for keeping wages and jobs at their present high levels. . . .
>
> You are already being told that just because you vote for a strike doesn't mean there will be a strike; that the real reason for a strike vote is simply to strengthen union leaders' position at the bargaining table and give them a weapon to force us to yield to their demands.
>
> But a successful strike vote usually—though not always—results in a strike And a strike at this time could only result in great hardships for you, for Ford Motor Company, and for thousands of other people and businesses whose livelihoods depend in one way or another on what we do at Ford. . . .
>
> It is our sincere conviction that the position we have taken is in the best interests of all employees and the Company as a whole If we are forced into a strike because of union leaders' insistence on unreasonable demands, we are of the opinion that it will last a long time.
>
> In our opinion, a vote against a strike is a vote for steady jobs and security over the long pull, while a vote for a strike is a vote for needless hardship.
>
> But regardless of what decision you make, we urge that you vote in the forthcoming strike election. A secret ballot is not only your right under the law, it is the American way of reaching important decisions.

Mr. Reuther termed the editorial a "repetitious statement of the upside-down economics that Ford officials have been advocating throughout our present negotiations," and charged that "the company is trying to threaten its employees with layoffs if they vote to support their union and to back up their just and legitimate demands."

Negotiations were resumed on August 1 and continued without progress for two days when they were again suspended—this time for a five-day period. During these sessions, Mr. Reuther requested the company to furnish cost and profit data.

In a letter to the chairman of the state mediation board on August 2, Mr. Bugas "emphatically urged" the board to reconsider its decision not to conduct the strike election at the Rouge plant on the company's premises. He emphasized that the union had argued for an election off company property to give union representatives a better opportunity to influence voters. Referring to the 1948 union shop election held among Ford employees, Mr. Bugas wrote:

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[1] Section 9*a* of the Michigan Labor Mediation Act (Bonine-Tripp Act) requires that the election ". . . shall be held on the premises where those voting are employed unless the Board shall determine that the election cannot be fairly held there . . . ."

The Board seems to place great stress upon the experience of the National Labor Relations Board in 1948 in conducting the union shop election off the premises. It is noteworthy, however, that the National Labor Relations Board was anxious to hold the election in the plant, and chose the other location only when plans to do so fell through for other reasons. Furthermore, results of that election were to be determined by a majority of those eligible to vote, rather than of those voting, so that the Union was under the greatest pressure to see that every eligible voter got to the polls. A similar pressure does not exist in elections under the Bonine-Tripp law.

The company telegraphed the Michigan Labor Mediation Board and the Governor on August 4 again protesting board rulings on the location of voting places. The next day, in an effort "to make its position unmistakably clear" prior to the strike vote, the company made a revised stabilization proposal in a letter to Mr. Reuther. Excerpts follow:

In an effort to influence the coming strike election under the Bonine-Tripp Act, you and other UAW–CIO spokesmen have made a series of calculated mis-statements to our employees.

These statements include the following charges regarding our present negotiations:

First, that the company is trying to take away employees' seniority rights and holiday pay;

Next, that the company is trying to farm out work now done in our plant here to "scab" shops;

Third, that the company is trying to "break the union," and to eliminate the union shop in Ford plants;

Finally, that the company is trying to reduce wages.

All these charges are absolutely false and you know it. Apparently, however, this knowledge has not kept you from using these arguments to try to influence our employees into voting for a long and needless strike. . . .

To make our position unmistakably clear, we make the following formal proposals:

1. That the noneconomic provisions of our contract remain unchanged in any respect for a period of eighteen (18) months from July 15, 1949, thereby assuring employees of present working conditions without any change whatever;

2. That the economic provisions of our contract—including wage rates and all other economic benefits—remain at their present levels without provision for reopening by either side for a period of twelve (12) months from July 15, 1949.

Your immediate acceptance of these proposals will assure employees continuation of the largest union shop in the automobile industry and of every benefit and right they now enjoy.

An immediate and lengthy response was forthcoming from Mr. Reuther. Charging that Mr. Bugas' letter was both a "desperate attempt" to confuse Ford employees prior to the strike vote and a challenge to "the honesty and integrity of the union," Mr. Reuther wrote in part as follows:

The Union is prepared to prove by quoting the written documents, which you, Mr. Bugas, on behalf of the Ford Motor Company, have presented to the Union's negotiating Committee:

1. That the Company did propose basic changes in the seniority provisions which would weaken, if not destroy, full seniority protection of the Ford workers, including (A) basic changes in seniority provisions which would modify the layoff and re-call procedure, (B) eliminate shift preference based on seniority, (C) provide a system of loan and transfer of employees without regard to seniority, (D) elimina-

tion of plantwide seniority for Ford workers in maintenance and construction, tool and die, power house and transportation classifications.

2. That the Company did propose to change the contract to make it more difficult for workers to qualify for holiday pay.

3. That in the negotiations you specifically refused to agree to provisions that would protect the Ford workers against the loss of their jobs due to the farming out of work to outside shops.

4. While it is wholly false that we have accused you of proposing a wage cut at the present time; it is true, however, that you proposed a wage cut at the time of negotiations last year, and that in negotiations this year you refused to give us the assurance that your wage proposals would not result in a wage cut.

Your letter significantly does not mention some of the other Company proposals that we did charge the Company with making and which we also can prove with the written documents which you presented to the Union Committee in behalf of the Company.

Among these additional contract changes which you proposed are:

1. Elimination of the contract provisions which forbids discrimination because of race, creed, color, national origin or sex.

2. Weakening of grievance machinery by reducing the number of committee members by 40 per cent.

3. The elimination of the present overtime equalization provision.

4. Further restrictions on the payment of overtime.

5. Further reducing the rights and protection of probationary workers.

6. Removal of important restrictions on foremen doing the work of hourly rated employees. . . .

Since you have charged the Union and its representatives with "calculated misstatements," I am on behalf of the Union challenging you to appear jointly with me to state our respective cases before the Ford employees in the greater Detroit area at a meeting at Briggs Stadium, Sunday, August 7th. At that time I shall read to the Ford workers in your presence the written documents which you, on behalf of the Ford Motor Company, presented to the Union Negotiating Committee and which prove the truth of the Union's position.

There is a reasonable basis for doubt in our minds whether your formal proposal made today through a letter first given to the newspapers and then sent to the Union, is a serious proposal or a last minute maneuver to confuse the issues and to influence the vote in the State-conducted election. If you were serious about having the Union consider your proposal, you would have submitted it and discussed it with us at the bargaining meeting scheduled for this morning, which you cancelled without advance notice.

The Ford workers are not satisfied with the present Ford contract. They insist that it be strengthened to afford them greater job protection and improved working conditions. They also insist that their just economic demands be given consideration by the Ford Motor Company at this time.

In acknowledging Mr. Reuther's letter of August 5, Mr. Bugas replied the next day:

. . . Our negotiations thus far have unfortunately been conducted in an atmosphere of emotional outbursts and name-calling by you and other spokesmen for your Union.

I would like to remind you that we have been in constant negotiation since June 2. During that period you personally have been present only at two brief morning sessions. . . . We have, in short, unsuccessfully been asking you to debate at the bargaining table for over two months. . . .

. . . Thus far you have made the air blue with accusations that the company is trying to take away present rights and benefits of our employees, and that we

are trying to destroy the Union. We have called this bluff. Our proposal . . . is a firm one.

Finally, we suggest that you spend more time at the bargaining table and less time in propagandizing, name-calling, and efforts to enhance your personal political fortune.

On August 6, the Michigan State Supreme Court denied a motion by the company to block the strike vote on charges that the state Labor Mediation Board had been "unfair" in refusing to conduct the strike vote on company property, and, instead, ordering it held in the immediate vicinity of union offices.

On August 7, the company ran full-page advertisements in three Detroit Sunday newspapers in the form of a letter from Henry Ford II to the "Men and Women of Ford Motor Company," explaining the company's position on the strike vote. It had already purchased time on four Detroit radio stations for spot announcements urging employees to vote "No," and Mr. Reuther had responded with a 30-minute radio talk. The strike vote was taken August 8–10. By August 13, the results of the vote had been certified as follows: total number of eligible voters = 86,305; total vote = 75,230; for a strike = 65,001; against a strike = 9,549; invalidated and challenged = 680.

Excerpts from union and company comments regarding the results follow:

Mr. Bugas:

Results of the vote are not surprising in view of the manner in which it was conducted and especially in view of the statement of the union leadership that a favorable vote does not mean a strike but merely strengthens their position at the bargaining table. . . .

Our position remains unchanged—we desire to reach an agreement which gives the best promise of providing the largest number of steady jobs to Ford employees. . . .

When union leaders call a strike we hope Ford employees realize that it may be a long one.

Mr. Reuther:

The union will exhaust every reasonable effort to win justice for the Ford workers through peaceful collective bargaining.

We are determined, however, to obtain justice by the use of the full economic power of our union if the Ford Motor Company continues in its refusal to meet the just demands of the Ford workers and their families.

While the strike vote was being taken, negotiations were resumed on August 8 and there were some signs of progress. On August 9, the company stated that it would reduce the probationary period for new employees in return for some equivalent concession from the union. The next day, the union, indicating its willingness to recognize the company's right to set production standards if adequate safeguards were provided, suggested an exchange of proposals on the matter.

On August 12, further progress was reported in an agreement to revise the umpire procedure by providing for the selection of an additional umpire or umpires as needed in order to keep from date of appeal to date of deci-

sion within a proposed limitation of 60 days in the lower Michigan area and of 6 months in the rest of the country. Agreement was also reached on a proposal to establish an additional high-level step in the grievance procedure to cover those matters to be expressly removed from the umpire's jurisdiction (disputes on work standards, problems involving the health and safety of employees, and the establishment of wage rates). Finally, wording was agreed upon by August 15 regarding the payment of workers on a weekly rather than a biweekly basis as soon as disbursement machinery could be established.

The pace of negotiations quickened as the parties began to meet daily, commencing on August 16. The more frequent meetings, however, did not result in a proportionally higher rate of agreement. Discussions of difficult problems of seniority that lasted four days resulted in progress on minor provisions only. On August 29, therefore, the parties turned their attention to clauses dealing with union recognition and reached essential agreement on this subject except for provisions limiting the union's right to organize excluded personnel. By August 22, it had been agreed that the committeeman structure would, except for a few minor changes, remain unchanged. Complete agreement on this part of the contract was delayed, however, by inability to resolve the question of the number of committeemen. The company did agree, however, to liberalize its vacation eligibility requirements on the understanding that the union would withdraw its proposal to increase vacation benefits.

On August 31, once again the parties began consideration of the economic issues, discussions continuing on the following day without shifts in the position of either party. At this crucial time, Mr. Reuther presented a letter from the UAW's Wage, Contract, and Policy Committee stating that unless progress was made a strike deadline would be set.[1] Thus, the third stage of negotiations was coming to an end since the only further agreement to be reached concerned the addition to the contract of a statement relative to the smoking privilege. Discussions of pensions and wage increases revealed both parties remaining firm in the positions they had taken several months before. Because of a 30-day limitation prescribed by law on the validity of the state-conducted strike vote, the company suggested it would be willing to cooperate in the avoidance of any legal difficulties by "mutual and simultaneous action" by both parties. The strike deadline was then extended by the state's acceptance of the existing contract extension agreement as evidence that the strike vote certification should continue valid for so long as the contract extension agreement was in effect.

* * * *

[1] According to *The Detroit Free Press* (September 1, 1949, p. 10) this committee had met on August 31 in extraordinary session to discuss the "timing and strategy" of a possible strike. On August 22 this same paper had quoted Mr. Reuther as saying, in an address to 4,000 Ford employees, 60 years of age or older, "The union's Ford Negotiating Committee will try patiently to win pensions without a strike, but a strike is inevitable unless the company changes its present stand."

The fourth and final stage of negotiations commenced on September 10 when the President's fact-finding board for the steel industry made public its recommendations of a maximum of 4 cents an hour for employer-paid social insurance, a maximum of 6 cents an hour for employer-paid pensions, and no wage increase. President Truman at the same time requested a postponement of the steel strike deadline from September 14 to September 25.[1] The effect of these events on the Ford negotiations, however, was not immediately apparent.

The negotiating session held on September 12 was devoted to a review of each clause of the contract to determine where the parties remained in disagreement, and an attempt to narrow and define the still controversial issues. The first signs of the impact of the steel board's report became evident, however, when the company requested cancellation of the bargaining session scheduled for September 13. In the session of September 14 no progress was made; both parties seemed to be waiting. The break came on September 15 when the company informed Mr. Reuther and his associates that it was prepared to discuss a pension plan. During informal discussions over the next few days, the company stated that any money it agreed to spend should be applied to pensions only. The company offered to contribute close to 9 cents an hour for pensions, but stated it would give nothing for social insurance. (The company claimed a deduction of 1¼ cents per hour from the 10-cent steel "package" for contributions it was already making for social insurance.) Employees were to make no contributions. The company conditioned its proposal on the union's withdrawal of all its other economic demands.

On September 19, after a discussion of provisions for funding past service under the company's pension proposal, the union handed company representatives notice of its desire to terminate the contract as of 12:01 A.M., September 29, unless a satisfactory agreement was reached by that time. The remainder of the 19th and all of the 20th, 21st, 22nd, 23rd, and 24th was devoted to discussions of noneconomic contract matters with no discussion of the pension proposal whatever.

The principal issues discussed were those about which there had been differences since the beginning of the negotiations and included the following: determination of procedures for the handling of time-study disputes to assure prompt consultation with the International; management's rights to establish work standards; promotions based on seniority; rotation of overtime; the right of the umpire to review penalties imposed upon employees allegedly participating in unauthorized stoppages; changes and additions to the grievance machinery at the upper or terminal levels concerning issues over which the union had the contractual right to strike; limitation on the length of time the company could schedule shortened work weeks; methods for the payment of overtime in the company's steel operations; management security clauses dealing with strikes and stoppages; and reduction in the period of temporary layoffs. Some agreements on these issues were reached.

[1] See The Steel Industry: 1949 Negotiations, pp. 552–579.

Pensions once again became the focal point of consideration during sessions held on September 25. Mr. Reuther indicated that the union would be willing to consider the proposed pension eligibility requirements of 65 years of age, 30 years of service, and automatic retirement at 68. He objected, however, to the company's proposal for funding past service in as short a period as possible under Federal tax laws, inasmuch as the funds needed for such funding would be so substantial as to reduce the amount of immediate pension benefits appreciably. The company advanced the argument that unless past service credits were funded, future pension benefits would be uncertain and would depend entirely upon the financial success of the company.

In response to the union's inquiry into the possibility of setting aside 4 cents for a hospitalization program, Mr. Bugas stated that the company's offer allowed no room for any upward movement in total costs. The union then urged that the effective date for the pension plan be December 1, 1949, rather than March 1, 1950. After lengthy discussions, agreement was reached on the following points: a qualified bank or trust company was to act as trustee of the pension fund; the right to appoint and contract with the trustee would remain the sole right of the company; no employee would have any vested right under the program except upon actual retirement; and the plan would be subject to the approval of the Commissioner of Internal Revenue. No commitment was made on the company's proposal that benefits from the Ford retirement fund would be reduced when Federal social security benefits were raised. Mr. Reuther indicated that the union might accept a two-year contract from date of agreement.

The parties did not meet on September 26 until evening. At this session discussions were confined to the problems of scheduling reduced work weeks and those of temporary layoffs. Neither of these problems was resolved.

The final bargaining session of the 1949 negotiations began about 2:30 P.M. on September 27 and ended 36 hours later, during which time the parties remained in continuous session. At the opening of this session, Mr. Bugas noted the substantial concessions, both in money and in principle, already made by the company. He urged the union negotiators to consider with pride the accomplishments they were in a position to announce through acceptance of the company's offer to grant pensions. Mr. Bugas then read the following terms of the "final offer" of the company on the other points at issue: (1) The representation (committeeman) structure was to remain as it was except for changes in unit structure. (2) The company would agree to a reasonable restriction to operating extended periods of time at reduced work weeks. (3) The company would agree to inclusion of a policy statement to the effect that seniority employees would be utilized in the performance of maintenance and construction work, but the company was to retain its right to contract work. (4) The company would retain the right to discipline those participating in wildcat stoppages but would agree to the umpire's right of review provided the umpire had no power to award back pay except in the case of a finding of innocence. (5) The company would add, effec-

tive January 1, 1950, an in-hospital medical program with maximum benefits of $280 for 70 days. (6) The union would agree that the prevailing practice for the payment of overtime in integrated steel was to apply to company steel operations. (7) The contract was to remain in effect until April 1, 1952, with one reopening by either party on economic matters other than pensions after January 1, 1951.

Mr. Bugas again reviewed the pension proposal. He remained firm in his insistence on management's exclusive right to determine how past service credits should be funded. Upon conclusion of Mr. Bugas' presentation, the parties recessed.

When the bargainers returned to the conference room, the union sought clarification on several of the company's proposals. The company resisted any union proposals entailing additional expenditures. Agreement was reached on most issues except overtime practices in steel operations, temporary layoffs, vacation eligibility requirements,[1] life insurance after retirement, death benefits, and the time period during which the pension agreement would not be subject to renegotiation. Another recess was taken.

Upon returning to negotiations, the parties reached agreement "in principle" on the remaining unresolved issues. The negotiators then divided themselves into subcommittees to develop acceptable contract language regarding the various clauses of their agreement. The settlement was announced at about 2:00 A.M. on September 29, just two hours after the union had telegraphed each of its Ford locals canceling the scheduled strike which was to have been effective at midnight.

V. The Settlement

Announcement of the settlement and a summary of the major provisions of the pension program and changes in the contract was made immediately. The following statement was issued by Mr. Bugas:

> Ford Motor Company and UAW–CIO have reached agreement on a new contract to run for two and a half years from October 1, 1949. It will be effective until April 1, 1952, although each party may request one reopening on economic matters only—other than pensions—after January 1, 1951.
>
> The most important feature of the new agreement is a pension plan for all of our hourly rated employees. The plan was worked out by the Company following the report of the President's fact-finding board for the steel industry. In the form now agreed upon, the plan provides for retirement of Ford hourly rated employees at 65 years of age after 30 years of service at $100 monthly, including Social Security benefits. The plan is noncontributory. We estimate that our contribution to the pension fund will be at the rate of 8¾ cents per hour. We regard this agreement as a fresh and significant approach to increasingly better industrial relations in Ford Motor Company plants. Most of all, we believe that it opens the door on a long period of sustained labor peace and productivity.
>
> Full details of the plan still have to be worked out by a Company-Union committee. All major principles, however, have been included in the new agreement, including the following: On retirement at age 65 with 30 years of service

[1] The company had withdrawn its proposal of August 22 to liberalize these requirements when it made its final offer matching the steel board's recommendations.

an employee will receive $100 a month, including Federal Social Security benefits. Normal retirement will be at age 65, and automatic retirement at age 68 with no increase in benefits after age 65. A "cushioning period" will be provided for employees now approaching 68 or older.

Benefits will be integrated with Social Security benefits. When Federal Social Security benefits are raised, benefits from the Ford retirement fund will be reduced accordingly. Until Social Security benefits are increased, we estimate that our contributions to the fund will be at the rate of 8¾ cents per hour. We are at present contributing about 1¼ cents an hour for social insurance purposes. The pension plan will become effective March 1, 1950 and benefit payments will begin on April 1, 1950.

The pension plan may not be reopened for negotiation until March 1, 1955. At no time prior to that date will either side be required to bargain with respect to the plan and it is agreed that neither party will resort to a strike, lockout or other economic force or threat of force to change or add to the plan.

Employees with 30 years' service may elect early retirement after 60, with reduced benefits, with the consent of the Company. Employees who do not fulfill the service requirements at normal retirement age of 65 will receive proportionately lower benefits. For instance, an employee retiring with 25 years' service at 65 would receive 25/30th of the $100 monthly benefit, including Social Security. Employees may retire for total and permanent disability after 30 years' service at 55 or older with a flat retirement benefit of $50 a month. The benefit would be adjusted for benefits paid under any disability provision which might be added to the Federal Social Security Act.

The Company will retain the sole right to appoint and contract with a qualified bank or trust company as trustee to handle the pension fund, and the period of funding past service will be solely up to the Company.

A Company–Union committee will be established to pass upon qualifications of employees for benefits under the plan. Employees who have left the Company since July 16, 1949 and who would have been eligible had the plan been in effect when they left, will receive retirement payments beginning April 1, 1950.

Past service will be based upon seniority except seniority credited for military service prior to employment by the Company. Future service will be determined on the following basis: one year for each calendar year in which an employee receives pay for 1,800 or more hours; ¾ of a year for 1,300 to 1,799 hours; ½ of a year for 750 to 1,299 hours, and no credit for any year in which an employee works less than 750 hours.

A summary of the other major provisions resulting from these negotiations is given in the following paragraphs:

1. Recognition clauses were developed to define in greater particular those categories of employees excluded from the bargaining unit. The union agreed not to attempt to organize executive or supervisory employees, employees engaged in time study or other industrial engineering activities, employees engaged in industrial relations activities, employees having access to confidential information pertaining to employee and labor relations matters, or "other representatives of management."

2. The union recognized the right of the company to establish and enforce production standards. The union was granted the unrestricted right to process grievances on disputed standards. Previously the union had had this right only when its challenge of standards was based on an alleged impairment of the health or safety of employees. The new contract specifically stated that production standards must be set with due consideration for fatigue

and the need for "personal" time. Incorporated also were the provisions of the strike settlement agreement of May 29, 1949, and the rules for manning similar moving assembly lines established by the arbitration award of July 8, 1949. The company agreed to make the production standard itself available for inspection by union committeemen to enable them to know what the work task was. In cases of disputed work standards, the company agreed to make data available to *qualified* union representatives.

3. While the company retained the right to prescribe reasonable working rules and regulations, the union gained the right to question their reasonableness through the grievance procedure.

4. The article previously titled "Union Responsibility" was retitled "Strikes, Stoppages and Lockouts." The union reaffirmed its obligation not to permit strikes, stoppages, slowdowns, or any curtailment of work. Power was granted the umpire to review the reasonableness of penalties imposed on employees instigating or participating in unauthorized stoppages, except that he might order back pay only upon a finding of innocence. Previously, the umpire had had no power to modify such penalties, with the sole exception that if he determined an employee not to be guilty of "instigating" or "giving leadership" to an illegitimate strike, he could only reduce the penalty to that appropriate for "participation" in an illegitimate strike.

5. No changes were made in the number of union committeemen or in the provisions for their compensation. Minor changes were effected in the designation of the units such committeemen represented.

6. The major changes in the grievance procedure had as their objective the earlier disposition of grievances. The time allowed for the first step (foreman-committeeman) was reduced, in the Detroit area, from 4 to 3 working days; errors resulting in pay shortage were to be corrected within 5 working days of the filing of a grievance; back-pay awards were to be paid within 30 days; and the umpire was required to rule on a grievance within a specified time from his receipt of the appeal—within 60 days for plants in the lower Michigan area, and within 6 months for all other plants. Should the case load of the umpire become too great he was to notify the parties, and they were to take immediate steps to select one or more persons to act as a temporary umpire under the same procedures and provisions as the permanent umpire. Failure of the two parties to reach an agreement through contractually prescribed procedures in disputes involving health and safety, production standards, and rates on new jobs allowed the union the right to strike. The total time provided for reaching an agreement on production standards was 26 days, exclusive of any investigation by the union prior to the final meetings.

7. Temporary layoffs (except at times of model changes) during which the company is not required to make seniority adjustments were reduced from 15 to not more than 12 working days, and the company agreed not to use such layoffs in a series to avoid seniority adjustments to meet planned production needs.

8. Scheduling of a continuous period of reduced work weeks was restricted

to 2 weeks for less than an average of 24 hours, to 4 weeks for less than an average of 32 hours, and to 8 weeks for less than an average of 40 hours—with exceptions negotiable by local agreement.

9. The probationary period of a new employee was reduced from 6 months to 3 months. However, the requirement that such an employee be on the employment rolls for 6 months before becoming eligible for holiday pay was not reduced.

10. Employees laid off by discontinuances of work at one plant were to be given "hiring consideration" at other plants.

11. There was no change in wage rates.

12. Practices prevailing in comparable integrated mills in the steel industry relative to payment of overtime were to be applied to the company's steel operations. For the purpose of determining what those practices were, a joint committee of three union members and three company members was to be established within 30 days. If they were unable to agree by January 1, 1950, all points in dispute were to be referred to the umpire for determination. Any changes in the payment of overtime were to be effective no later than March 1, 1950.

13. Eligibility for vacations was liberalized in that eligibility dated from either June 1 or December 1, depending upon date of hire. Previously employees dated their vacation eligibility only from December 1.

14. The company retained its right to make contracts with outside contractors, but it agreed to inclusion of a clause stating it to be company policy to utilize its own seniority employees in the performance of maintenance and construction work in accordance with its letter to the union of January 20, 1949. In this letter, the company had outlined the policy under which it proposed to continue the use of outside contractors when it felt it was advisable to do so.

15. The company agreed to designate areas in which smoking would be unsafe and not permitted. In undesignated areas smoking would be permitted.

Appraisal of the new agreement was made by the International union in a special Ford edition of *The United Automobile Worker* as follows:

> The new Ford contract, judged honestly and objectively, represents the most progress that your union has been able to make in any single set of major contract negotiations.

Elsewhere within the union comments were less favorable. Although he urged approval of the new contract, Mr. Thompson did so "with full knowledge of the fact that there [was] so much more to be desired." In the October 8 issue of *Ford Facts* he continued as follows:

> The new contract when ratified will be effective from October 29, 1949 until April 1, 1952, "except that *economic matters* other than pensions may be opened for negotiations *once* by *each* party before April 1, 1952, but not in any case before January 1, 1951, unless *both* parties agree otherwise." Under the terms of this clause, the contract will be effective for 2½ years or 30 months, reportedly the longest term of any contract in UAW–CIO history. Now from October 29, 1949

to January 1, 1951 . . . is 14 months. So Mr. Bugas got a 14-month wage freeze (where he was only shooting for 12 months last August) *plus* the additional 16-month freeze from January 1, 1951 to April 1, 1952!

Of course, Mr. Bugas might point out that he gave us a new contract, while his proposal of last August was that we continue the old one. But so far as we Rouge workers are concerned, the changes in the new contract, for the most part, merely spell out and grant to Ford workers, nationally, provisions which we at the Rouge had already won in local negotiations and have been enjoying for some time now.

In explaining the contract expiration date of April, 1952, the International union advanced "two basic and fundamental reasons" as follows:

1. Ford, General Motors and Chrysler contracts can now all be lined up so that they will expire within a few weeks of each other, thereby permitting the Union to take maximum advantage of the competitive struggle between the major automotive producers by playing one corporation against another. This is the most important bargaining weapon the UAW–CIO has.

2. Spring is traditionally the period in which automobile producers are stepping up production to take advantage of market conditions. Maximum bargaining power for the Union comes at the time when the manufacturers are stepping up production and introducing new models. Weather conditions in the spring and the summer are such that the workers can better conduct and sustain a strike in support of their demands if necessary.

Open opposition was expressed in a resolution adopted by Chevrolet Local 659 in Flint, Mich., urging Ford workers to reject the proposed contract and declaring that the age limitation, eligibility clauses, and maximum benefits of the pension plan were "wholly inadequate." The local demanded adherence by the International to the original demand for a full 38-cent package as originally adopted by the UAW and endorsed by the annual convention.

Efforts of the International to obtain ratification of the contract were rewarded on October 26 when Rouge workers representing more than one-half of the total of 115,000 Ford workers accepted the agreement by a vote of 32,392 to 7,130. For the 48 Ford locals the total unofficial count was 46,640 to 12,739.

Discussion Questions

1. Noting that actual negotiations opened on June 2, 1949, indicate the date when you would consider proceedings on the agenda began; and then mark subsequent dates of events or actions you would consider significant in this "prelude" to the specific procedure of negotiation. From this chronology, how would you evaluate these events or actions as a part of the "negotiation" procedure in collective bargaining at Ford?

2. Analyze the impact of the union as an "institution" upon the negotiations, evaluating particularly intra- and inter-union considerations.

3. Indicate any clues from the case that throw light on the impact of Ford as an "institution" upon this bargaining.

4. Evaluate Mr. Reuther's handling of the "speed-up" conflict.

5. Discuss the positions of the company on (*a*) the speed-up issue; (*b*) the strike; (*c*) the relation of this walkout to contract negotiations.

6. Evaluate the decision of the arbitration panel on the "speed-up" issue; and on the final provisions in the 1949 contract covering this issue.

7. Make a comparative analysis of the positions on economic issues enunciated by the company on March 2, June 18, July 2, July 18 and 19, and August 5, in terms of: (*a*) the changes, if any, made in these successive positions; (*b*) the criteria successively advanced in justification of its positions; and (*c*) the final settlement as tested by these criteria and their central formula of "the stabilization pattern." Appraise the role of "criteria" in such bargaining and indicate their position, in your judgment, among all the forces that seem to explain the final agreement.

8. Make a similar analysis of the successive positions and "criteria" urged by the union in support of its "economic" demands.

9. How would you evaluate the large number of "noneconomic" proposals and counterproposals and their central concerns in terms of (*a*) clues regarding continuing relationships at Ford; (*b*) negotiating strategy on both sides; and (*c*) the demands that reappear from year to year, noting the significance of this repetition.

10. Compare the "Fourth Stage" of the actual negotiation proceedings with the three that precede it. Explain your answer in detail.

11. Evaluate similarly the positions taken by the company and the union regarding desired polling places for the 1949 "strike vote" with those taken in the 1948 "union shop" vote under the Taft-Hartley law.

12. Evaluate the settlement that provided the basis for the 1949 contract. What would you say (*a*) the union gained, (*b*) the company gained, (*c*) regarding the balance of advantage as between the parties, and (*d*) regarding the potential influence upon evolving relationships at Ford?

13. Looking back from these 1949 negotiations to the three preceding ones since the end of the war, indicate (*a*) the central issue advanced by each side in each negotiation, and (*b*) what these changes reveal regarding (1) the impact of influences in the whole economy and (2) the evolving structure of relationships at Ford.

14. Noting the quality of preliminary exchanges, the conduct of negotiations, and the eventual settlements each year, what tentative generalization would you make regarding "the style" of contract negotiations at Ford?

15. What structure of relationships would you say, on the basis of all the Ford cases, is developing at the Ford Company?

GENERAL MOTORS CORPORATION

NEGOTIATING THE 1948 AGREEMENT

I

On May 29, 1948, the General Motors Corporation and the UAW–CIO signed their second national agreement of the postwar years, to run for two years, until May 29, 1950. Public interest focused upon the wage settlement incorporated in its term.

The so-called wage formula embodied four major provisions: (1) it sought to close the gap that had developed since 1940 between living costs and wages; (2) it established an "escalator" by which, during the term of the agreement, wages would be adjusted up or down each quarter to future changes in living costs at the rate of 1 cent change in hourly wage rates for each 1.14 points change in the BLS Consumers' Price Index; [1] (3) it placed a "floor" under such possible decreases in wages by limiting downward adjustment to a maximum of 5 cents per hour; no similar "ceiling" was placed on upward adjustments; (4) it recognized "an improvement factor" by which wages would advance by 3 cents per hour, per year, during the term of the agreement to improve the employees' standard of living with anticipated advances in productivity.

Application of the formula yielded an initial wage increase of 11 cents per hour, of which 8 cents represented the amount needed to "close the gap" under provision (1) of the formula, and 3 cents, the "improvement factor" for 1948.

The widespread discussion of the formula revealed sharply ranging responses; of this, more later. But it was also recognized widely as an interesting pioneering effort in the movement to introduce orderly negotiating instruments into the settlement of wages, which had continued since the war the central issue of collective bargaining. The formula also was interesting as an index of the developments in the collective relationships and bargaining methods at the General Motors Corporation.

Relationships between the union and the company began on February 11, 1937, when the signatures on their first agreement gave the union also its first real foothold in the industry. It marked a significant transition since General Motors, the largest of the Big Three who account for some 90% of American motor manufacturing, had long represented one of the outstanding corporations in American industry as a whole. The first agreement followed upon the introduction of, and the turbulent struggles unloosened by, the sit-down strike.

General Motors recognized the union as bargaining agent only for its members among the employees. Not until 1940, after the union's "Strategy Strike of 1939," and subsequent NLRB elections did the corporation recognize the union as exclusive bargaining agent for all production and maintenance employees in the 49 plants where it had won elections. Company-wide bargaining developed from that point.

The patterns of relationships have been explicitly formal and carefully marked within defined bounds and limits. The company has maintained clear-cut disciplines; and even under the pressure and controls of wartime, it sought to bar concessions on work standards or wage increases via loopholes in the wage controls that might distort the job-rate structure. No form of

[1] This guide is the "Consumers' Price Index for Moderate Income Families in Large Cities—All Items" (1935–1939 = 100), issued monthly by the Bureau of Labor Statistics. The index stood at 100.2 for 1940 and 169.3 for April, 1948. The latter figure constituted the point from which cost-of-living allowances were to be computed—upward with no ceiling on adjustments, or downward to the possible index of 164.6 at which and below which no further wage reductions would be made.

union security was voluntarily granted; and in the 1946 agreement, the "directed" maintenance of membership provisions written into the prior contract of the war years were explicitly terminated "in consideration of" the company's compromise formula for checkoff of dues.

Just as it signed the first agreement in the industry, it also established with the union the first impartial arbitration procedures as the terminal step in the adjudication of grievances. Provision for a permanent arbitrator under the contract was embodied in the 1940 agreement and has been maintained since.

Both sides have testified to the orderly character of day-to-day relationships—and this is an industry harassed by wildcat stoppages. From the start, the company has firmly enforced disciplinary penalties against unauthorized strikers. It has also pressed for strict construction of the agreement in all grievance cases. By November, 1948, five impartial umpires had been appointed to this office in the eight years since its establishment.

II

But if daily contract administration and shop relationships have been orderly, the negotiation of contracts has generated sharp conflict at General Motors. The transition from war production was marked by a particularly protracted struggle. The last agreement of the war years had become effective on April 16, 1945; it was terminated by the corporation on December 10, 1945, during a strike that began on November 20, 1945, and lasted until March 19, 1946. The conflict was very costly to both sides; employees lost homes and savings and in some cases had to accept relief before it was ended, while estimates place its costs to the company at $2,000,000 per day—$1,000,000 in direct losses and $1,000,000 in potential profits that were not made.

The union's wage demands became the pivot of this long and costly struggle. They had been formulated under the fears of postwar dislocations and unemployment that harassed so many union leaders, members, and other people in those uncertain months. The union publicized its case as an effort to safeguard existing levels of "take-home" pay against the inroads of reductions in overtime and the potential curtailments in general demand for labor. Its demands also would maintain purchasing power, and thus avert the feared postwar depression. Its spokesmen declared that an increase in wage rates of 30% was necessary to achieve these objectives. But they advanced other criteria which they would be willing to accept as tests of the validity of this particular figure. If the company could prove inability to pay such an increase without corresponding advances in prices for the assurance of a fair profit, the union would reduce its wage demand. The union's publicity focused upon this request for a "look at the books"; it emphasized the professed willingness to maintain a sound wage-price-profit balance; it stressed the related criterion of "ability to pay" as a fair measure of wage increases.

General Motors, however, resisted every aspect of the union's campaign. It rejected "ability to pay" as a valid criterion in wage determination; it affirmed instead the measure of competitive rates; it urged safeguards against inflation in increased production and retention of the longer work week

(*i.e.*, 45 hours as versus 40 hours) until the transition to peacetime schedules had been effected; it denied the union's demand for a "look at the books"; it insisted that pricing policies and profits remained management concerns as long as the company's employees received a fair day's wage for a fair day's work; it deplored the union's "publicity and propaganda" campaigns; and, perhaps most important, it held fast on the strike front despite all counter-pressures.

When the wage pattern was set, after government intervention in steel, at an 18½-cent per hour increase, General Motors declared a willingness to settle at the same rate.[1] The company dealt with 18 international unions as representatives of its employees, of which the UAW–CIO was the most important and the United Electrical Workers (CIO) [2] was perhaps second in rank. The UAW sought settlement finally at 19½ cents, which a Presidential fact-finding committee had recommended. But when the UE accepted the 18½-cent "pattern," the UAW eventually had to follow suit, after holding out one month longer on the strike front for the specific recommendation of 19½ cents.

Thus on March 19, 1946, the new agreement between the General Motors Corporation and the UAW–CIO launched the parties on their postwar relationships. The contract was a carefully drawn document of 82 printed pages; its provisions carried forward most of the machinery involving collective dealings, such as the grievance procedures and the office of impartial umpire. As already indicated, it explicitly terminated wartime maintenance of membership by the so-called checkoff of dues (and "general assessments") —a checkoff device that included notification from local union to plant management, then from plant management to individual employee, who held the right to deny membership in the union within 5 days of the receipt of the notice; it included an escape period from May 31 to June 9, 1946; and it embodied the wage settlements of the strike and other new provisions that were to become issues in subsequent negotiations. Paragraph 63 in the provisions on seniority, which set forth the conditions in which job promotions and transfers henceforth would be made, was amplified and incorporated into the agreement. Wage inequities were to be adjusted by local plant managements in consultation with their respective shop committees, with the right of appeal to the International union and the corporation for review of wage inequities not satisfactorily adjusted.

[1] The company had on November 13, 1945, made the following proposal: "It is necessary to follow the government formula which requires a review of thousands of wage classifications in effect in our plants in order to arrive at the correct percentage by which present rates may be uniformly increased. However, a preliminary analysis indicates that 10 per cent (*i.e.*, about 13½ cents on the average) will be the percentage that can be used in computing the proposed wage adjustment. General Motors, therefore, proposes that wages be increased by 10 per cent. If the final adjustment permitted by the formula proves greater than 10 per cent the rates will be increased by that larger amount. This offer is made to be effective as of the date of its acceptance by the union, but terminates in the event of its rejection by the union or if the International calls the threatened strike."

[2] This union was expelled from the CIO in October, 1949, on grounds of Communist party-line leadership.

III

The 1946 agreement was to run for 2 years, but provision was made for its reopening on wages and other economic issues, in Paragraph 153, which stipulated that:

> Except as provided herein the agreement between the parties shall continue in effect without change until March 19, 1948. There shall be no demand for a general wage increase or other economic issues prior to May 31, 1947, provided, however, that either party may request negotiations on such issues after March 19, 1947.
>
> If during the course of negotiations between March 19, 1947, and May 31, 1947, the corporation should make an offer of a general wage increase equal to the general wage pattern which has been established in the automobile industry prior to or during such period the corporation may place such offer into effect during the period, if acceptable to the union, on the date such pattern was established but in no event prior to March 19, 1947.

In the spring of 1947, the wage issue in basic industry was again to the fore. The so-called "Big Three" of the CIO—the United Steelworkers, the UAW, and the United Electrical Workers—had scheduled a meeting in Pittsburgh on April 19 to confer on wage strategy. The auto workers were then demanding an increase of 23½ cents per hour from General Motors. But the week of the scheduled interunion meeting, the corporation again settled first with the United Electrical Workers, which had accepted its voluntarily made offer of 11½ cents per hour and six paid holidays. This settlement became the "pattern" for 1947.[1] The auto workers signed with General Motors on April 24, 1947.

The union had sought consideration of wider contract provisions, but the corporation held negotiations strictly to the economic issues of Paragraph 153. The supplemental agreement did provide, however, that the union's demand for a social-security and old-age-retirement program "will continue as a subject for discussion and negotiations following the execution of this agreement." The expiration date of the 1946 contract, thus amended, was also changed from March 19 to April 28, 1948; the provision for written notice of desire to modify or change the agreement remained "60 days prior" to the expiration date.

The shifts since the war's end in expiration dates reflected the continuing tactical concern with timing in negotiations. In 1946, the union had sought to make its demands upon General Motors the "patternmaker" of postwar wage adjustments; in 1947 the corporation's voluntary offer, accepted by the United Electrical Workers, had set the pattern of a 15-cent increase. But as the 1947 negotiations drew to a close in the pace-setting corporations and basic industries, the following situation was projected for 1948: In steel a 2-year contract had been signed that would run until April 30, 1949, except that on April 1, 1948, either party might give written notice to the other of a desire to negotiate general wage rate changes. Such negotiations would then begin

[1] By company estimate, the six paid holidays added 3½ cents per hour to make the total increase the "equivalent of 15 cents an hour."

within five days; but if no agreement was reached on or before April 30, 1948, the contract continued in effect *unchanged* until its expiration date. A similar contract had been signed in electrical manufacturing; for instance, the contract between General Electric and the UEW (CIO). In General Motors notice of desire to amend or terminate the otherwise continuing 1946 contract was receivable 60 days before its 1948 expiration date, on February 27.

IV

The 1948 negotiations manifestly loomed an important chapter in evolving relationships for both sides. Since the whole contract could be opened for amendment, it was anticipated that many continuing and still unsettled issues of the prior negotiations would be resubmitted. The rise in consumers' prices kept sharp the edge of the persisting wage questions. In the months following the signing of the 1947 Supplemental Agreement, the Taft-Hartley Act had become effective (on August 23, 1947); inevitably its provisions would find some reflection in the forthcoming negotiations. At the 1947 convention of the UAW–CIO, Mr. Reuther's re-election as International President made his leadership undisputed by a complete rout of his left-wing opponents and their allies; these changes in internal union politics also had their impact on collective relations at General Motors. Finally the continuing discussions of the union's demand for a social security and old age retirement program authorized in the 1947 Supplemental Agreement produced sharp controversy.

Thus the union maintained steady pressure on the issues of the price-wage-profit balance and "the problem of inflation." When General Motors made its financial report for the third quarter of 1947, for instance, an attack upon its figures was issued to the press under the name of Mr. Reuther. The allocation of $17,500,000 for "extraordinary obsolescence" and "additional depreciation" the union characterized as an effort "to lower the iron curtain on part" of profits grown too "embarrassingly large," profits the union estimated as actually 22%. On the basis of its analysis of these "third-quarter profits," the union concluded that the corporation "could have increased the wages and salaries of all employees on its payroll by one-third and still have had a return of 8% on its total investment." It recalled that when the second quarter's financial statement had been issued the union claimed the same 8% profit rate could have been accrued with price reductions of "as much as $250 on a $1,500 car." Instead, the prices of its passenger cars had been raised by the corporation "from $57 to $168 apiece."

The discussion of pensions and insurance was launched into this atmosphere of verbal and propaganda conflict when General Motors, on November 21, 1947, offered its employees a modification of its group insurance plan which had been in effect for over 20 years, to become effective on February 1. As General Motors solicited employees, and "a great majority" had signed up, the offer was denounced by the union as a futile "management maneuver" to evade the collective bargaining to which it had pledged itself on the union's demand for adequate "pensions and medical, hospital, sickness, accident and

life insurance." On January 22, 1948, the UAW filed with the Detroit regional office of the National Labor Relations Board a charge of unfair labor practices against General Motors under the Labor-Management Relations Act of 1947. It accused General Motors of "unilateral action" in offering its plan, of "coercion against employees" to gain their acceptance of it, and of "refusing to bargain collectively" on a demand which the UAW had been presenting for negotiations since 1945. The Board's request for an injunction against the company was granted by the Federal Court on January 28, blocking further action of the plan.

The union utilized the Taft-Hartley Act in still another significant program during the months just prior to the 1948 negotiations. Under date of January 13, 1948, Mr. Reuther notified both the corporation and the director of the regional office (Detroit, Seventh Region) of the NLRB of the union's intention to petition on or about February 15 for union shop elections under the Act. For, Mr. Reuther pointed out, under the provisions of the new law, the checkoff incorporated into the joint agreement could not be continued without prior written authorization of the employees covered. Elections under the Act seemed "the simplest manner" of disposing of these issues. An intensive drive from February 9 through March 21 was planned to obtain the signatures for authorizing elections (30% of eligible employees) in which the union hoped to secure the majorities necessary for winning the endorsement of the union shop demand to be made in the pending negotiations. Prizes to be awarded to rank-and-file participants were announced, none of them General Motors products. The union explained that it "had planned to give General Motors cars and other products as prizes but had been unable to get cooperation from the corporation." The petitions for union shop elections were subsequently dropped.

Against this long-term background of relationships and in this immediate atmosphere, the written notice of desire to negotiate in 1948 was served under the terms of the contract.

V

Negotiations opened on March 12, 1948. The union presented 132 demands for contract changes; the company presented 11 counterproposals. The large number of changes requested by the union reflected in part the procedures by which negotiating agenda are prepared in the UAW. The union's General Motors Department is divided into nine geographical subcouncils.[1] These subcouncils together with the local unions of General Motors members are represented in the National General Motors Council, to which the 85 locals each elect two representatives if its membership totals

[1] Each of the nine subcouncils is constituted by the union locals of the region it covers; each local, in turn, is represented by its president, chairman of the shop committee, and one delegate for every 5,000 workers in the plant. Representatives from the nine subcouncils convene in regular quarterly session and in special emergency meetings as need dictates. The staff of the G. M. Department, as the continuing administrative agency, meets with these legislative councils to discuss the demands made by the subcouncils, and decide negotiating policy and strategy.

5,000 or under, and three if its membership exceeds 5,000. These representatives are instructed by their constituencies as to the contract changes they desire. The council incorporates all these demands into the union's proposals. Among the 132 requests thus compiled there were accordingly varying versions of demands for amendments in identical paragraphs of the agreement. Moreover, a demand which, if granted, would have necessitated the amendment of more than one paragraph was counted as a separate demand for each of the contract paragraphs affected. For example, the demand for a steward system would have required changes in at least 21 paragraphs.

The union's "economic" demands were thus approved during January; its "noneconomic" demands by the closing week of February, 1948. As summarized by its officials, these demands were as follows: (1) a 25-cent-an-hour wage increase, of which up to 10 cents an hour could be allocated for establishment of an adequate old-age-retirement plan; (2) five cents an hour for a comprehensive social security-group insurance program, including life, health and accident, hospital, surgical and medical coverage; (3) equalization of rates by job classification on a corporation-wide basis; (4) revision of vacation allowances to provide, among other things, 40 hours' pay to employees with 6 months' seniority, with graduated increases up to 120 hours' pay for employees with 5 or more years' seniority; (5) a guaranteed work week of 40 hours; (6) time and a half for Saturday and double time for Sunday, as such, and triple time for holidays worked; (7) increase in night-shift premiums, elimination of merit spreads, time off for voting on primary and general election days.

Noneconomic demands included the union shop and checkoff and covered such other general subjects as grievance machinery, seniority, production standards, leaves of absence.

The 11 counterproposals presented by the corporation included the following: (1) establishment of committees to study incentive systems of wage payment and their applicability to General Motors operations; (2) amendment of checkoff provisions to comply with the Taft-Hartley Act; (3) reduction of the number of shop committeemen in smaller plants; (4) revision of overtime representation sections; (5) provision for 5-day notification of any changes in committee personnel; (6) retention of the present provisions with regard to proper investigation of grievances with the added provision that the abuse of duplicate investigations in smaller plants be eliminated. (7) modification of the agreement to discourage excessive and unwarranted absenteeism; (8) provision of a procedure whereby temporary rates on new jobs become part of the wage agreement after a period of time when there is no disagreement over the established temporary rate; (9) modification of the provisions under which union representatives may leave the plant during working hours; (10) expansion of the apprenticeship training program for skilled journeyman classifications; (11) provisions to correct the situation of unwarranted attacks on management in union publications.

The bargaining committees facing each other when the negotiations opened on March 12 were organized as follows: The union committee, headed by

Mr. Thomas A. Johnstone, assistant director of the General Motors Department, was made up of 12 representatives, 3 of them representatives of the International Union, and the remainder representatives of the 9 subcouncils composing that Department. The management committee, headed by Mr. Louis Seaton, director of labor relations, contained about 4 representatives of General Motors and 8 of divisional management. The divisional personnel managers were included among the company's negotiators to parallel the spokesmen on regional conditions furnished by the subcouncil committeemen on the union side, and also to make these plant representatives direct participants in negotiating the contract they would administer and apply in their own works.

There were innovations as the negotiations got under way. At prior negotiations, notes had been made by a corporation stenographer. The record kept by him was not given to the union. As the 1948 sessions opened, the union introduced a court stenographer hired from the Michigan Unemployment Commission, who, its representatives declared, would make a verbatim record. The company questioned the wisdom of this innovation; but when the union persisted, management hired its own court stenographer. Thus two transcripts were made.

Management handled each of the 132 demands presented by the union with careful objectivity and respect. Its committee accordingly prepared factual analyses to support the position taken toward each demand. The union thereupon prepared in some instances similar written statements of position, and each side read its analysis on the successive issues and differences before them to the other.

Apparently each side had decided to present the "noneconomic" demands first. Their analyses of each such issue covered varying bodies of data: general principles deemed applicable to the matter at hand; the history of the contract paragraph in which changes had been asked; the areas of agreement and the implications of each point of difference; concrete experience in specific plants with the paragraph in question; comparable experience in competitive companies; and such specialized data (*e.g.*, medical, job, administrative, arbitral, individual, etc.) as might be relevant. To cite a few general examples: the company's statement of position on the union's proposals to amend Paragraph 63 governing job promotions and transfers covered 34 mimeographed pages; its statement on demands for changes in grievance machinery covered 8. The union's statement on the company's proposals regarding incentive pay plans similarly covered 10 mimeographed pages.

As these negotiations were proceeding, varying internal and external events exerted their influences upon the progress of bargaining. In steel and electrical manufacturing, when the wage issue had been reopened in April, the companies had rejected the unions' demands for increases with the idea of halting inflation via curbs on the wage-price spiral. Negotiations in coal were suspended pending court decision on pension issues. In automobile manufacturing itself, negotiations at Chrysler, where the union appeared to be "concentrating its forces," were approaching deadlock. The union had re-

duced its original demand for 30 cents per hour to 18½ cents; Chrysler had moved from its original rejection of any increase as inflationary to an offer of 6 cents per hour. But countertrends also appeared; a survey indicated that some 1,200 companies had granted third-round wage increases between November 1, 1947, and May 1, 1948.

On the night of April 20, Walter P. Reuther was shot in his Detroit home; he thus was unable to participate directly in the General Motors negotiations, which had then not yet reached the wage issue. Shortly thereafter (April 23) when the rejection of wage increases in steel had been announced, the UAW publicized its intention not to permit developments in steel to influence its own wage policy "in the slightest way." Instead it affirmed once more the three criteria by which its wage demands had been formulated: (1) "what is actually needed to restore purchasing power [UAW members] lost through inflation"; (2) "the need of the country as a whole for increased purchasing power in the lower income groups"; and (3) "the ability of the industry to pay those wage increases without increasing prices." The union also made a significant differentiation between its own situation and that of the United Steelworkers, who "are bound by their two-year contract not to strike (in 1948) over the wage issue."

On April 28, indeed, the UAW filed its 30-day notice of intent to cancel the General Motors agreement required under the terms of the agreement. This made May 28 the terminal date for contract extension or strike action in event of deadlock at the bargaining table. Strike votes were taken in General Motors plants. Two very important ones refused to support a walkout. The so-called "Fisher No. 23" plant, a tool-and-die unit manned largely by highly skilled craftsmen, voted "No." So also did the workers at Buick, who were reported as feeling that G.M. workers had been in the front lines of the wage fight too often. But it looked as if Chrysler workers this time would hold these "front lines"; they struck in support of their demands on May 12.

This was the situation in which the bargaining committees at General Motors approached the climax of their negotiations—consideration of wage increases. The corporation made its offer on Friday, May 21, at the thirty-eighth bargaining session. It was introduced to the union by an interesting statement of position, which read as follows:

> We have had 37 bargaining sessions with your committee in an effort to resolve our differences and agree on a contract that would improve the relations between your union and General Motors. We have frankly presented our point of view and discussed the problems as we see them. We have also listened to your presentation of your demands and the situation as you men who represent labor see the problem from your point of view. You have ably presented labor's case. We have carefully gone over and reviewed all of your presentations and demands.
>
> We realize that time is running out, that you have dates that must be met.
>
> Due to the developments in our country in the last few months it is now clear that this group (you men representing labor on one side and the General Motors management on the other) face some very important decisions not only as they affect the equities of General Motors and the employes you represent, but thru example, the effect of our action on other industries and labor groups, in fact, on

the economics of the whole nation. This is true whether the next few days' deliberations result in agreement or disagreement.

All of us have had first-hand experience with strikes and the effect and aftermath of strikes. We know that you men have the power and responsibility to authorize a strike of General Motors employes if you think that this is the right and necessary thing to do. Likewise, you men know, as we know, that big strikes have many of the same aspects as a war. Some day the conflict will be over, and one party or the other may feel that they have won. This is only a relative matter as both the employes and the employer lose. And what is more important, the whole country loses along with them. Strikes create additional shortages and result in more inflation.

During recent months in various bargaining sessions throughout the country either labor's economic demands have been refused, no solution reached, and work is continuing under a more or less temporary basis with labor dissatisfied; or large and important strikes have been authorized and are now going on. It is clear that the men who represent industry are risking much in their efforts to prevent further inflation—in some cases reducing prices and saying "No" to labor on their demands for increased wages. We subscribe to the importance of this point of view. At the same time we realize the very real problems the employes face in the increased cost of living. We also know that the negotiations just starting between the United Mine Workers and the mine owners, if not peacefully concluded during the next six weeks, will affect adversely all industry and the nation. Perhaps this group here has about the last chance to reach a fair and realistic agreement of the right thing to do and prevent another round of disastrous strikes such as occurred in the fall of 1945 and the spring of 1946. Perhaps the easiest thing for us to do would be to say "No" to your economic demands following the position generally taken by many other important employers and hope that with better crops this summer the cost of living would go down, that in the meantime your union and its members would be patient and would not precipitate a disastrous series of strikes. This would be leaving all of the responsibility with you. We believe we should share this responsibility, and after a careful review of the whole situation we have some ideas that we think might be helpful.

The union now and in the past has interpreted the worker's problem as a dual one:

(*a*) The problem of maintaining the purchasing power of an hour of work—in other words, protecting the worker from increases in consumer prices.

(*b*) The problem of assuring the worker that the buying power of his hour of work will increase as the nation's industrial efficiency improves.

The union has indicated that its economic demands were designed to deal with both of these objectives.

The facts, as reviewed, may be interpreted to support the union's contention that G.M. workers have been placed at a disadvantage by the fact that consumer prices have advanced more rapidly than their hourly earnings.

It has been the record of the past that workers share in the nation's gains of productive efficiency. That is how the standard of living of workers has been brought to new and higher levels over the years. . . . What must be questioned and weighed quite carefully in the best interests of all concerned—workers as well as other economic groups—is the approach to a realization of these objectives.

We have given careful consideration to this problem and have reached certain conclusions on how it might be resolved. A broad outline of these conclusions follows:

G.M.'s Suggestions for Resolving the Problem

The war and its aftermath have made our economy extremely sensitive to influences of all types. What we need to work towards now is greater stability as a foundation for future progress. The suggestions we have to offer for a realistic

and practical approach to the problem as it affects our employees take into account both the need for stability and the desirability of future progress. Specifically: We propose,

1. *Re-establish the buying power of an hour of work* on a fair basis—in other words, what the worker has lost through increases in consumer prices during and since the war to be made up on a sound basis;

2. *Protect the buying power of an hour of work* against changes in consumer prices, by making cost-of-living adjustments periodically during the life of the contract;

3. *Improve the buying power of an hour of work* so that over a period of years the worker is assured of an improved standard of living;

4. That the relations between management and labor be stabilized over a substantial period of time.

What we propose can only succeed if we can be assured of stable and cooperative relations with our employees. For this reason our *proposals must hinge upon your willingness to enter into an agreement to remain in force for a long-term period.* Assurance of cooperation and stability over this period is essential if our employees are to realize the benefits our proposals represent.

In order to expedite exploration of these ideas as a possible solution of our problems, we suggest that your group approve a much smaller committee to frankly examine into these proposals as well as other matters, with an equivalent small committee representing General Motors, to see if they provide the basis for a fair and honorable settlement. If this suggestion is adopted, the committee representing General Motors will consist of four people.

Starting the next day, May 22, the respective committees were reduced to four on a side. Mr. H. W. Anderson, vice president of General Motors in charge of personnel, headed the four General Motors representatives, all of whom were from the corporation. The UAW committee, made up of three staff representatives and one representative elected by the union locals, was headed by John W. Livingston, vice president of the UAW. The bargaining committees met in continuing sessions, "adjourning only for a minimum of sleep," until the agreement of 1948 was concluded. Settlement came with the UAW in the early hours of May 25; and with the United Electrical Workers two days later, on May 27. The settlement covered some 250,000 workers, of whom 190,000 are represented by the UAW. General Motors operates 102 plants in 52 communities; its wage rates generally pace those of the communities in which it operates.

VI

Discussion of the agreement within the union, within the company, and among organized labor, business, and the wider public confirmed its significance. As Mr. Charles E. Wilson stated the company's view before the Rochester Chamber of Commerce on June 2, 1948:

Perhaps the most dramatic part of the settlement was the new formula adopted by the parties for determining fair wages for two years, and the current wage increases resulting from this formula. Perhaps what may ultimately be the more important result was the development of a better understanding of the rights and responsibilities of the parties. We are hopeful that this understanding represents real progress. The agreements speak for themselves but it is worth noting that these agreements could only have been reached in an atmosphere of mutual confidence.

I am sure that those of you who are especially interested in union-management problems will find these agreements very *interesting* reading as much *for what they leave out* as for what they contain.

Some of the major issues figuring in negotiations that were thus "left out" of the 1948 agreement were the following:

(1) No provision for a union shop was included. The union canceled its petition for union shop elections after protesting vigorously the corporation's refusal, on April 13, to permit them on company property. Although the checkoff was continued, the employee's written authorization as well as the whole procedure of notification was altered to conform to the requirements of the Taft-Hartley Act, as interpreted by the attorney general on request of the parties.

(2) No abrogation, or alteration, of the no-strike provisions was granted to meet the union's desire for protection against the liabilities for breach of contract under the Act.

(3) No provisions regarding insurance or pensions were incorporated into the agreement, and the union told the NLRB it no longer had any interest in the injunction against the group-insurance plan via the Metropolitan Insurance Company that the corporation had put into effect before the 1948 negotiations opened. It was agreed, however, that if the Supreme Court ruled such insurance and pension plans a proper subject of collective bargaining, the parties would appoint a joint study committee authorized to prepare a joint recommendation on the subject.

(4) No amendment was made in the provisions governing the establishment of production standards. The union had demanded that union time-study men be permitted to assist in their establishment or checking.

(5) No change was made in the grievance procedures to meet the union's demand for a comprehensive shop-steward system.

(6) The demand for a guaranteed weekly wage was not granted; nor were concessions in "fringe benefits" made.

(7) No change was made in the controversial paragraph 63 of the seniority provisions to make seniority, as the union requested, alone controlling in transfers and promotions.

(8) The company obtained more flexible provisions to govern the upgrading of journeymen to skilled craft classifications.

(9) No change was made in the management-rights clause.

(10) No provision was made for any adjustment of wage inequities at G.M. plants.

The parties, however, as well as the outside public focused discussion upon the wage settlement. Throughout the negotiations and the preparations for them, both had emphasized directly or by their supporting evidence varying criteria which they would accept—*or reject*—as wage determinants. The criteria thus discussed included: (1) the cost of living; (2) the standard of living; (3) rate increases or rejections of them in patternmaking corporations; (4) third-round rate increases; (5) competitors' rates in motor manufacturing; (6) going rates in communities in which G.M. plants are located;

(7) wage increases in industry as a whole between specified periods; and (8) national policy regarding the maintenance of purchasing power.

Throughout negotiations, the union emphasized that the profit record of the corporation was conclusive evidence of its ability to pay wage increases without increasing the prices of its products.

Continuously behind these criteria in the parties' discussions and in the company's final statement which introduced its wage offer were appraisals of the mutual interests in avoiding a strike, and the continuing memories of both tangible and intangible losses incurred in the 1946 strike.

After the agreement had been signed, both sides undertook "educational programs" among their own people; they also each sought to explain their experiment in wage settlement to the public and to meet varying criticisms of it. A few days after the settlement had been reached, the company convened in Detroit personnel from its various plants and reviewed with them the complete development of the 1948 contract. Slides were prepared to illustrate the factual data upon which company decisions had been based.

The union recommended the settlement to its members, not as a completely satisfactory agreement, but as a promising beginning and a victory not only for General Motors employees, but for all UAW members and organized labor as a whole. It sought to impress upon its members that their real gains under the wage formula must be sought in price adjustments, that no real advance could be won through the "wooden nickels of inflation." Its basic appraisal of the settlement as a whole may be distilled from its early evaluation of potentialities and limitations when recommending acceptance to its members:

> Substantial as it is, the UAW–CIO regards this victory as essentially a holding operation. It can be termed a victory only in the context of today's economic and political reaction. Nevertheless, we are recommending its acceptance by General Motors workers as their contribution to industrial peace, even though it does not represent all they are entitled to and is far short of the contribution which General Motors could and should make to a sturdy, healthy and equitable national economy.
>
> In the first place, the base date for measuring wages in terms of buying power is 1940, when an army of eight million unemployed provided striking testimony that wages were far too low to sustain full employment.
>
> In the second place, instead of sharing its dangerously inflated profits beyond a cost-of-living adjustment based on a depressed 1940 wage, General Motors offered an annual increase of 2 per cent or 3 cents an hour as a gesture toward keeping the workers' purchasing power abreast of the increased output resulting from technological advance in the national economy. This figure itself short-changes the principle involved. But it is important that the General Motors Corporation now has conceded the principle that General Motors workers are entitled to a share in the growing output of an expanding economy. . . .
>
> Third, the UAW–CIO accepts the provision for quarterly wage adjustments to correspond with changes in the BLS cost-of-living index only because most of those in control in government and in industry show no signs of acting in the public interest. They are enforcing a system of private planning for private profit at public expense.
>
> Fourth, the assumption that workers can expect no more than to remain on the economic treadmill, inching up 3 cents an hour per year while management and stockholders reap profits proportionately far in excess of that amount is unsound

and unwise. This is still the trickle-down theory of prosperity, slightly modified. The modification is extremely important however, because, in making it, General Motors has accepted the principle that prices and profits ARE a concern of labor. This is progress.

The company's attitude to the settlement has been well expressed by Mr. Charles E. Wilson:

I realize that the terms of our settlements with the unions have not met with immediate unanimous approval, perhaps in part because they are not completely understood. I am sure that they have not unfairly prejudiced the collective bargaining in other companies and industries, . . .

If the formula as well as the noneconomic provisions are understood, it will be found that perhaps some real progress has been made in establishing principles. Each corporation, each union and each industry can apply if they wish these principles to their own particular set of facts and conditions. The principles should not embarrass anyone.

I would like to ask [the critics] the same questions that I have asked many executives, both inside and outside of General Motors, during the last few months. . . .

1. What is a sound basis for determining wages?

2. How do workmen get their real wages increased as the years go by so that they reasonably share in the prosperity of America? Can they only accomplish this by strikes and threats of strikes?

3. If we said "No" to the request for wage increases at this time in face of the recognized increase in the cost of living, how could we explain to 275,000 General Motors workers that while we were asking them to accept the lowest standard of living they had had in eight years we were at the same time selling our cars for hundreds of dollars less than they knew the market was willing to pay for them? For me, this was a $64 question. I could think of no way of making such a position appear reasonable and fair to the employees, nor could anyone else I talked to.

I would like to again point out the essentials of this wage formula.

1. It did not establish a national pattern of so many cents per hour. We do not believe in uniform national wage patterns. If through the years such patterns are set by a few of the large corporations and all industry is forced to follow them through powerful union pressure, we will in effect have national bargaining. Collective bargaining will then have failed and some other means will have to be found for determining wages of union workmen.

2. We adopted the 1940 relation of our average wages per hour and the cost of living as a sound basis from which to project current wages. Such a 1940 relation was used as a base for wage control during the war. Perhaps the validity of this base might be challenged in certain industries and in certain companies. As far as we were concerned, the unions and ourselves thought it was fair as applying to our situation.

3. We adopted the Consumer Price Index of the Bureau of Labor Statistics as the most reliable and available measure of the changing cost of living.

4. We thought it was reasonable to maintain the purchasing power of an hour's labor during the term of the agreement. Security of earning power is a natural desire of workmen as well as of all other citizens.

5. If wages were permanently tied to the cost of living, then the standard of living of workmen would be frozen. Union workmen as well as others can properly expect to participate in the prosperity of America. The annual improvement factor of 3 cents an hour (approximately 2%) we thought we could reasonably underwrite for the people employed in our business for the two years of the agreement. Others may agree on a different improvement factor as applying to their business or may not formalize the amount at all. . . .

It is well to remember that this annual improvement factor based on technology and better tools can be dissipated by featherbedding, made work and inefficiency so that it cannot also be paid out as additional wages by employers. It should not be overlooked that in addition to the annual improvement in real wages for a particular job individuals have full opportunity to further improve their economic status by qualifying for better and higher paid jobs.

In the absence of union agreements wages are more flexible than when they are determined for definite periods by such agreements. A study of the past, particularly of periods of full employment when demand exceeded supply, would lead such a student of the past to conclude that present high wages were more the result of fundamental inflationary pressures created by the war than of unreasonable pressure of powerful international unions of which the public is so conscious due to the annual strikes and threats of strikes. Neither the union leaders nor the General Motors executives who negotiated the agreement believe that it is necessarily inflationary. Neither do they take the position that it is deflationary. . . .

VII

The experience under the escalator clause may be indicated by the following tabulation:

EXPERIENCE WITH RATE ADJUSTMENTS UNDER GM–UAW AGREEMENT

Quarterly Cost of Living Adjustment					Improvement Factor		Total (Cumulative) Rate Changes (Cost of Living and Improvement Factor)
Price Level		Rate Adjustment		Cumulative Rate Change (Cost of Living)	Date	Cents per Hour Increases (Improvement Factor)	
Date	Index and Change (±)	Effective Date	Cents per Hour				
Apr. 15, 1948..	169.3	May 29, 1948	+ 8¢	Close-the-Gap	5/29/48	+ 3¢	+ 11¢
July 15, 1948..	173.7 (+ 4.4)	Sept. 1, 1948	+ 3	+ 11			+ 14
Oct. 15, 1948..	173 6 (— 0.1)	Dec. 1, 1948	None	+ 11			+ 14
Jan. 15, 1949..	170.9 (— 2.7)	Mar. 1, 1949	— 2	+ 9			+ 12
					5/29/49	+ 3	+ 15
Apr. 15, 1949..	169.7 (— 1.2)	June 1, 1949	— 1	+ 8			+ 14
July 15, 1949..	168 5 (— 1.2)	Sept. 1, 1949	None *	+ 8			+ 14
Oct. 15, 1949..		Dec. 1, 1949					
Jan. 15, 1950..		Mar. 1, 1950					

* The parties agreed to disregard the full price decline on the grounds of the BLS estimate of an understatement in the index due to a bias in the rent factor.

On May 28, 1948, Chrysler had settled the strike at its plants by a wage increase of 13 cents per hour; negotiations under the wage reopening clause of the contract (June 15, 1949) had marked time pending the conclusion of negotiations at Ford. Ford negotiations in 1948 had yielded rate increases

of 13 cents per hour and "fringes"; the 1949 negotiations had established a noncontributory pension and insurance system.[1]

Discussion Questions

1. Explain the basic provisions of the 1948 General Motors-UAW wage formula. What are its potentialities and its limitations?
2. What external or general factors do you believe influenced the various positions taken by the company and the union in this case?
3. What internal factors arising out of the General Motors-UAW relationship itself do you consider important in the positions taken by the company and the union?
4. Evaluate the various economic criteria advanced by the parties from the viewpoint of (*a*) sound union-company relationship and (*b*) the economy as a whole.
5. What different "structures of relationships" do you think emerge at General Motors from 1937 to the present time? Evaluate the wage formula embodied in the 1948 agreement in terms of its effect on the relationship structure.
6. Compare and contrast the General Motors and Ford cases for what they show on (*a*) bargaining procedures, (*b*) wage criteria, (*c*) pattern-making, and (*d*) relationship structures.
7. Evaluate developments at General Motors in the light of American labor history.

BARRINGTON OIL COMPANY (A)

WAGES AND RELATIONSHIPS

Introduction

Collective bargaining relations between the Barrington Oil Company and the Oil Workers International Union (CIO) at the Wellsbridge refinery of the company began in 1934. The union accepted a "Memorandum of Terms," drawn by the company to cover those employees who were members of the union. In 1936, an attempt to negotiate the first formal contract between the parties foundered on a disagreement over coverage.

In 1941, the effort to negotiate a first contract was resumed. As the negotiations proceeded, the management and union achieved agreement on some "seventy points," while they remained at odds on "four to six" issues. Central to them all was the demand for wage increases.

Seven negotiation conferences were held in the effort to complete the first formal contract between the parties. They began on February 19 and continued on March 6, 11, 20, 21, 24, and 25, 1941. At the fourth session, the

[1] See Ford Motor Company: Negotiating the 1949 Agreement, pp. 323–359.

international union president joined the local union officers. Local management maintained continuous contact with company headquarters.

The major negotiators on each side were the following:

For the Company	*For the Union*
Geoffrey S. Malcolm, General Manager, Wellsbridge Refinery	John B. Cobb, President, Local Union No. 000
Charles D. Harris, Superintendent of Production	Arthur S. Stratton, Secretary-Treasurer, Local Union
James J. Boyden, Director of Labor Relations	Oley M. Jenkins, Chairman, Negotiating Committee
Richard L. Carlisle, Superintendent of Maintenance	Nicholas Hawley, Member, Negotiating Committee
	O. A. Knight, President, Oil Workers International Union

For the U. S. Conciliation Service

Hugh W. Everett

FROM THE MEETING OF FEBRUARY 19

Cobb (u): Well, Mr. Malcolm, do you have it all wrapped up for us?

Malcolm (m) [jokingly]: All ready to go! Well, who is your spokesman?

Cobb (u): There has been no spokesman selected from our group. Of course, you have our letter which speaks for itself.

Malcolm (m): Well, I would like to invite somebody to tell me on what basis you are making your request for a 15% increase.

Cobb (u): First, we believe that the refinery has been underpaid for a long time. Second, we believe we need an increase to compensate for the cost of living. We believe, also, that the working conditions as we have been attempting to negotiate them for some time should come into consideration with the settlement of wages. Then there is another reason. Barrington has made fifteen million dollars, and we believe we are entitled to a portion of it.

Malcolm (m): That is one good reason; I would like to have a rake-off myself.

Stratton (u) [rather hotly]: We don't feel like it is a rake-off at all. It is earned. Until about five years ago this refinery had always been above Amtex. The men feel they have been underpaid, and also that they are entitled to an adjustment of wages to meet their expenses from the standpoint of the cost of living. We know that as of August, 1940, this particular area was the highest in the United States in retail over-all food cost.

With respect to area rates we can go into any detail you want. For example: at the Amtex plant the man that has less responsibility than our helper on the stills is getting $1.10 an hour. Ours are getting $1.07. The junior stillman has less responsibility than he has here. He is getting $1.15.

We feel we have never reached the point where we could deal with classifications. The only thing we have had from management is the statement that the over-all average in the plant is in line.

Because the company made $15,000,000, the men don't want a rake-off. There is enough good sound reasoning as to why the men should have some relief in wages without having to discuss company earnings. Of course, when we are told that the company has its problems and that the company was losing money, we let figures speak for themselves.

Malcolm (m): We would like you to give us more detailed reasons, or the sources of information from which you draw supporting arguments. Again I refer to Mr. Cobb's memorandum, which is written to your members, not to us. [Reading.]

When you insist upon an increase in wages, *DO* take into consideration the increase in the cost of living and *DO* take the company's statement that the refinery is in danger of sabotage and consequently the physical risk of your daily work is increased.

That is the position, undoubtedly, on which you are basing your request, although the statement may be for propaganda purposes. But in order that I may approach the company more intelligently would you be kind enough to tell us on which figures you are claiming a cost of living increase?

Stratton (u): The *Pathfinder* magazine.

Malcolm (m): Are its figures authentic—backed by an authority?

Stratton (u): They are. Then in the *National Whirligig* are advance notices of what is going to happen.

Malcolm (m): The *Pathfinder* is one. The other is—the *National Whirligig*. Any other source?

Stratton (u): The United States Department of Labor.

Cobb (u) [facetiously]: There is one source that may be difficult to cite figures from, but it is very convincing. That is your grocer man.

Malcolm (m): I am talking seriously about figures you have at your disposal, that we don't have. You cite the *Pathfinder*. I don't know what magazine that is.

Cobb (u): It is similar to *Newsweek*.

Malcolm (m): What does the Department of Labor show?

Stratton (u): In 32 cities the over-all retail cost of food dropped, 17 increased, and 2 held their position. We are one of the 17 that increased. The August, 1940, Bulletin of the Department of Labor shows our area has the highest average retail cost of food of any place in the nation.

Boyden (m): That is for food? Not for the over-all cost of living?

Stratton (u): No, food only.

Malcolm (m): I would like to get all information you have on the cost of living. Have you any figures available now that the cost of living increased, not only food, but everything? Have you the period of time; is it right now?

Stratton (u): I quoted you two sources showing the trend, that you evi-

dently don't feel authentic. The Department of Labor figures run about two months behind.

Malcolm (m): This increased cost is not realized now, but is expected. Is that right?

Stratton (u): Well, we are already feeling the almost 6% increase the figures show, on the over-all picture.

Malcolm (m): Well, is that all your reasons?

Stratton (u): You asked about the cost of living. If you want facts on the other matters, we will be glad to give them to you.

Malcolm (m): I would like to be as thorough as possible. The cost of living has been used by your own organization as the main reason, and I would like to be absolutely impartial on the subject. That is the reason I asked you if you had authentic figures.

Jenkins (u): There are many factors that are definitely unfair on comparison nationwide. Say a family has $40 they can spend for food. If the cost of better foods increases, that means they have to reduce the amount of buying, or buy poorer food. That wouldn't reflect nationwide. Another factor involved is housing. I have no figures. But everybody knows rents are going sky high. You can't find a house that is fit to live in today; and that has happened in the last three months. That means over the next period of six months rent will go up 10% to 25%. In so far as clothing is concerned, I don't have any statistics other than our own experience in purchasing clothing. For instance, work gloves: a pair selling three months ago for 49 cents is now selling for 64 cents. Our demands are not based altogether on just the present data, already much higher than the official figures quoted to you. We wouldn't want to come up every 30 days for a 3% raise to take care of the cost of living. We would like to try to figure some reasonable figure and base our demands on that.

As far as supply and demand is concerned, I think it would be unfair to ask for $5.00 an hour, if tomorrow you couldn't get half enough men to run the refinery. If labor takes advantage every time they can find a shortage, then industry in turn must raise the price of products. It will offset the raise we'd get to offset the increase in the cost of living, and I hope that won't become a basis that we handle our wage question on in the future.

Malcolm (m): Well, do you care to make any additional explanation or give any other details that would help to substantiate your request?

Hawley (u): It has always been our contention, and is still now, that some of the higher jobs especially have been underpaid as compared to other refineries in the area. Still further adjustments have recently been made in some of the other plants. Mr. Stratton stated the case of Amtex raising some of their skilled jobs. From information I have been able to get Puritan has made some adjustments and I believe Delico is now contemplating making some adjustments, and Jannifer also.

Malcolm (m): Do you mean to say that Amtex or Delico increased their wages, or made adjustments recently? Could you mention any?

Hawley (u): I know that the Puritan Treating Plant rates have been ad-

justed. I don't know exactly how much, but I do know the rate I heard about was one cent above ours.

Malcolm (m): Recently?

Hawley (u): Within the last 30 days.

Cobb (u): Puritan even gave a flat $10 per month raise.

Malcolm (m): I know that. You are referring to Amtex, Delico, and Puritan. I am not aware of any adjustments. I would like to know about it. You say that Amtex has made some adjustments?

Stratton (u): That has been quite a while ago, probably in the early part of the year 1940.

Malcolm (m): And you mention Delico; do you know what positions or what crafts?

Hawley (u): I couldn't give you the exact figures, or exact jobs. But I do know they have increased the rates in some classifications, particularly the crafts.

Cobb (u): If I am not mistaken, the particular increase at Delico took place in the Pumping and Gauging Department.

Jenkins (u): There is one thing I believe ought to have a lot of weight. Heretofore this company has been almost the last to make wage adjustments, and it is just common talk that whenever everyone else gets a raise, Barrington will then take steps. It would change the attitude of the men if Barrington would take the lead.

Malcolm (m): Well, whatever you presented today, you fully realize I am not in a position to say today "Yes" or "No." It is a question of general principle, and I'll be very glad to study it and submit it to our New York management with the reasons given by you. We will get, I hope, a speedy reply. I would say let's not expect anything within two weeks. It will be necessary to work it up and send it to New York.

There is one thing you just brought up: the question whether Barrington should take the lead. Theoretically, maybe you are right; your intentions are right. But the unfortunate part is—and I have to be personal though I don't give a God damn—some of your people in their over-zealousness for propaganda are distributing statements in public whereby they insinuate Barrington is making a handsome profit and is unfair. There is a personal campaign called the Malcolm Plan for Union Busting. So far as I am personally concerned, I have the same reaction if I see a little old mangy dog barking in the moonlight. But listen to your propaganda: It says: "The committee foolishly believed that even Barrington in New York would observe the fundamental principles of American justice in considering this handsome profit it makes out of Wellsbridge resources." If such information is reaching our president and chairman and the whole crowd that haven't got the close relationship we have locally here, the reaction is distinctly unfavorable. If you fellows would like to discuss wages, then why don't you postpone sticking that kind of thing down our craw until the negotiations are over? I naturally suppose your leaders must have some business principles, and businessmen should see that such actions throw a monkey wrench into the ma-

chinery. It disturbs our relations until actually our local men are suffering. It is probably one of the tricks of your trade. I don't mind what you call me, but when you attack the entire company you are handicapping your own people.

Stratton (u): Mr. Malcolm, I am glad you mentioned that. Mr. Cobb signed one of those and I signed the other. This question of undermining works two ways: and since we are all adults we are going to have to face it on that basis. If you put out propaganda and instruct your foremen to do certain things, then we are going to retaliate. I don't say you had anything to do with it, for we grant you that you are intelligent. But when the local management dabbles in the affairs of the local union, then you are going to get reaction from us.

Malcolm (m): You raise the question of retaliation and I fully follow your reasoning, but I am afraid there is one missing link. If you will look at the dates, Mr. Stratton, you will find out that the date when your memorandum came out attacking the company is February 10, five days after your letter asking wage increases. You chose the wrong moment; you would like to have an increase in wages; you would like for the company to meet you half way. If we have a local disagreement, maybe you are 100% right. But you are attacking the whole company in public at the same time. Oley says the company should lead the parade. Suppose they have it in mind, and get something trivial, something small like this thrown at them. How would our head people feel?

Cobb (u): I think they should hang their heads in shame.

Stratton (u): We don't have any personal animosity, but the company is pretty shrewd and we have to face it. Union bulletins aren't as bad as you think they are.

Malcolm (m): One day Mr. Cobb, Mr. Mitchell, and Mr. Jenkins said "Well, let's forget everything. Let's start anew." I said fine. At first, I was suspicious, but the fellows talked until I honestly believed them. That was on December 11, and we said now we can shake hands with each other. On December 13, two days later, we had a command to appear before the Labor Board, and all our belief in humanity was destroyed. When the men were here they said it would impair our relations to dig up dirt. They agreed we couldn't get together if we brought a third party in. Two days afterwards the third party came in for us out of a clear sky. Now, there is a propaganda against the company even as you expect the company to step out and meet you more than half-way. If you've got something against me, call me up, tell me what you think about me and I'll tell you what I think about you.

Stratton (u): Now you are trying to clutter up the record. I talked to you on the phone about the Labor Board. You are putting this question of how you get along with certain people in the record instead of forgetting it on the basis of reasonable thinking.

Malcolm (m): You know I am not going to do that, because the interests of the men are too close to my heart. But you union representatives are certainly making a mess of it.

Stratton (u): Every time something comes up, you are trying to justify it with side issues.

Malcolm (m): I am not telling you I am going to put my influence against you on account of the propaganda or your attitude. But in the same breath I am telling you fellows you are barking up the wrong tree as far as the interest of the men is concerned.

Stratton (u): Well, we agreed to go ahead with negotiations so I think we should get back on concrete issues.

Jenkins (u): I know there is a place where reasonable men can get together. For three or four years there has been growing dissatisfaction in the plant, yet the majority of the men want to have a good relationship. We have a twofold duty; one is to have the interest of the men at heart, and the second is the interest of the management. Management should have, of course, the interest of the management at heart—as I am sure they do primarily—and closely secondary the interest of the men. We have lost many a dollar in the refinery because a fellow just got fed up. The men are prone to make mountains out of mole hills. I know that; I have served on Workmen's Committees. I don't think we can continue on the basis we are going along without both of us getting hurt. It alarms me. I have had hopes at times of getting together; then something happens, and we get further apart.

Harris (m): Do you think 15% will clear it up?

Jenkins (u): I will be frank with you. Fifteen per cent will not clear it up. If you will lay a good agreement on one side of the table and 15% on the other, I would take the agreement in a minute.

Malcolm (m): Well?

Stratton (u): Well, Mr. Malcolm, it is getting near that deadline of four o'clock. Going further into what Oley said, I think a real equitable adjustment would help immeasurably. I think sitting down, working out some of these things, and taking for granted we might be a little bit wrong here and you might be a little bit wrong there, we could go a long ways. We respect your ability and intelligence, and whatever the difference in opinion, what you call our propaganda is merely our way of saying things. Maybe we are wrong sometimes, the same as the management is wrong sometimes. But we think a lot of this disturbance can be overcome. Right now I don't know what we can do, other than just notify the membership of your position today and then come back to you with whatever instructions we get from them.

Malcolm (m): I will say that if our answer takes only a week I will be only too happy to call you before. I don't want to be kept to two weeks to the day. I will ask for the speediest possible handling, and I should think two weeks would be enough time.

[The meeting adjourned at 4:02 P.M.]

From the Meeting of March 6

Malcolm (m): Though we tried to speed things up, we are just a few hours late in getting together. I told you it would be about two weeks.

Cobb (u) [jokingly]: We will consider it two weeks.

Malcolm (m): Your request for a general increase has been very thoroughly studied, not only by us, but by New York with whom we have been in continuous contact. We made a comparison of all the prevailing rates in the industry. I gave them all the figures, and submitted very thoroughly all your reasons you gave to support your request. The company finds that there is no increase in living costs. It so happens that yesterday, we received an analysis containing official figures submitted to us by the U. S. Department of Labor giving the cost of living figures up to January 15. We realize that we are now past March 1st. However, on January 15 we find on the basis of the Government's figures that the cost of living in this district decreased over the cost for November and December. In 1937 we gave an increase to compensate for the increased cost of living at that time. Since 1937 the cost of living went down until September, 1940. From then it continued upward until December, 1940. Now it is slightly going down. So, if you consider an adjustment was made in 1937, based on the cost of living, and that the cost of living, according to the Government, has still not reached the 1937 level, there is no justification on that basis for a general increase.

Hawley (u): All right. We'll show that to our wives on Saturday—and maybe they'll show the butcher and the baker who don't seem to read the same books Mr. Malcolm does. If my wife tells me after shopping, "Last week I spent $10 and this week I spent $13 for the same things," *those* are *my* actual statistics. The best statistician is my own wife.

Malcolm (m): Even so, there is no justification for a general increase based on cost of living. Now, the second important point is that apparently this is not only our feeling, but it is the feeling in the whole oil industry. They all have likely the same way of thinking and the same figures on which they are basing their policies. To our knowledge, there is no general increase in wages in the oil industry, neither generally, nor locally, and of course we have to compete with local people. That is the second factor.

The third factor is that the weighted average of wage rates at Barrington Refinery is already higher than the weighted average among competitors. That is the third factor which did not indicate an upward adjustment of wages.

Hawley (u): How do you decide the weighted average?

Malcolm (m): I'll tell you exactly. We approached seven other local refineries, and from their employment department we got all wages, got the weighted average, and compared it with our weighted average.

Hawley (u): In other words, the company assumes the responsibility of partitioning the total wage.

Malcolm (m): I am sure you are not trying to imply that we are chiseling—juggling the figures for our advantage. We are fully prepared if questioned by any authority or conciliator to put the figures on the table.

Hawley (u): Go right ahead.

Malcolm (m): We are fully aware that while we have been and still are paying many rates on a higher basis than our competitors, certain of our rates are lower and create discontent among our employees. So, in spite of the three

factors developed above, we are prepared to correct certain inequities in our wages effective day after tomorrow.

[Mr. Malcolm then read a list of new job rates, raising those below competitive rates for comparable jobs, and constituting an increase of 1½% in the payroll. The proposal would raise the weighted average of rates at Barrington 4.9 cents above competitors.]

Cobb (u): Is this the company's absolute limit on the answer for 15% increase?

Malcolm (m): That is correct. But if there are general increases in the industry based on the cost of living, and I wouldn't be surprised if costs will go up, you know Barrington will meet competition. I suggest that you try to transmit that thought to the employees.

Cobb (u): Are you going to circulate your employees about the revised rate structure?

Malcolm (m): No; you are the first agency that has been notified. We are going to notify our supervisors because the foremen should know what the men are going to make, but we are not going to write a letter at the present time giving this information individually to every employee.

Cobb (u): I would like to ask if the company has changed its position on the matter of signing an agreement?

Malcolm (m): It is very difficult to enter into now. But I have told you repeatedly the door is not closed if we could get minor modifications on the four clauses on which we still disagree. The next step is up to you.

Cobb (u): Is there any other member of the committee who has any questions he would like to ask?

Hawley (u): No, not until we take these proposals to the membership for their approval or rejection. If the rate structure can be ironed out, we are one step nearer to negotiating an agreement.

Malcolm (m): I might mention two further subjects: one is the extensions to our plant. We are building an additional pentane plant and the toluene plant is going to be increased. In other words, there will be promotional possibilities. The key men will likely be brought in. But I would say the operators will be supplied through promotion.

Cobb (u): Do you have any approximate idea of the number of men that will be employed there?

Malcolm (m): Maybe 100, but that is only the beginning. Also for your information, the company decided to put our gatemen and patrolmen on the monthly payroll. I am just telling you.

Cobb (u): Are we to assume that the company will take the position that they will not be covered by a working agreement?

Malcolm (m): I think the monthly employees will not be covered by a working agreement.

Cobb (u): Regardless of their duties and classification? We were certified as a bargaining agency for those people.

Malcolm (m): To my knowledge, just offhand, under the Act, a group of employees can present their own request or grievance to the management.

Cobb (u): If there are no other matters, I assume we might as well adjourn. We appreciate the meeting and the information, plus the offer of job rate adjustments. When am I to understand this is to go into effect?

Malcolm (m): Day after tomorrow.

Cobb (u): The local union will be prepared to give you an answer, probably in the next week.

[The meeting adjourned at 10:45 A.M.]

FROM THE MEETING OF MARCH 11

Cobb (u): Well, Mr. Malcolm, in consideration of the adjustments in rates, which brought them almost in line with the area, the members reduced their demand to 10%, plus a signed agreement.

Malcolm (m): Well, I would like to know why you think an increase of 10% is justified.

Cobb (u): For the same reasons we gave before. Our opinion is the same.

Malcolm (m): If I remember it, you gave the increased cost of living as a main reason, and we produced government figures which indicated that this area had a slight decrease in living costs since 1937, the time of your last wage increase. Therefore, in order to comprehend your request intelligently, I will be happy if you submit authoritative figures.

Cobb (u): Well, Mr. Malcolm, I wouldn't want you to feel that we are singling out Barrington; the same demands are going to be presented to the other companies.

Malcolm (m): Well, let's drop the singling out then; but we have the great pleasure of being the first one and so I will again invite the committee to produce figures which will justify any consideration for an increase.

Cobb (u): Well, I believe that the statements that we gave at the last meeting and the figures we gave you . . .

Malcolm (m) [interrupting]: You didn't give me any.

Cobb (u): There are numerous other things that might be brought in, various other advantages that are enjoyed by other companies' employees that don't apply here.

Malcolm (m): Well, before we go into the other reasons, I would be very pleased if you would give me your figures. I am listening; kindly proceed.

Cobb (u): Well one of the boys in the electric shop gave the best answer. He made the remark that he wasn't able to pay his grocery bill with statistics. Then the majority of our men report to us that the price of clothing . . .

Malcolm (m) [interrupting]: Clothing is going down according to the figures of the United States Department of Labor.

Cobb (u): Maybe our clothing stores haven't gotten those government figures yet.

Stratton (u): Do you take the position that the amount of money we received in 1937 sufficed for the cost of living at that time? The union would say that the cost of living dropped off since 1937, but the wages then did not give a comfortable salary to live on.

Cobb (u): I think it would be worth 15¢ per hour more to work under the working conditions we are working under here.

Malcolm (m): Well, that is very interesting. We had an opportunity recently to talk to some workers from Amtex. We talked about bus transportation. They said, "We have to travel in a regular cattle bus." Apparently the other fellow's pasture always looks the greenest.

Stratton (u): Well, we find them liking it at Amtex pretty well. They have changed that open-air bus condition.

Jenkins (u): There are many factors to be included in the wage question. Each company has its own policy on certain benefits that they grant employees. Some of them have a stock purchasing plan whereby the company gives them a 50% reduction on price of their stock.

Malcolm (m): Does Amtex have it?

Jenkins (u): No, not Amtex. Others have hospitalization benefits. Some places give as much as 20% or more discount on any material purchased. Delico allows 20%. All of those things are certainly important to the employee. If the oil industry takes the attitude that we are all pretty well in line on wages and nobody will raise until the other does, it will be like a law passed up north that when two trains approach an intersection neither one would proceed until the other does.

Malcolm (m): Well, if you have nothing else to produce, and I am saying this not to be smart or sarcastic, but sincerely—if you can't produce better evidence or figures furnished by the government, we feel we are in line with our competitors and regret very much we are not prepared at present to grant your request for an increase. And I hope you will take it in the spirit I am saying it. There is nothing personal whatever. It has been discussed very carefully with our people.

Jenkins (u) [jokingly]: I was just thinking about serving an antitrust injunction. You can't do anything until the others do. Why doesn't Barrington take the lead once?

Malcolm (m): Don't forget Delico made four times as much as Barrington. Remember, too, that I am not the fellow who gives increases. I could help if you could produce any reasons. I have asked for the figures but you can't give them. Everybody thinks they have to have more money, and ultimately I believe an increase is bound to come, but now you are too impatient. However, if you say now or never or else, I would say go ahead; we are prepared to take the consequences.

[The Oil Workers committee at this point asked for a short recess.]

Cobb (u): Mr. Malcolm, in connection with the request for a signed agreement has the company's position changed on any of the points in controversy?

Malcolm (m): I would say that is a very broad question. We said it is not our idea to close the door. But if your position has not changed on four points still at issue . . . For a contract, we have to agree on wage rates. But take the matter of pay periods and rate changes: our position has not changed. We are not prepared to write any agreement with anybody under

any circumstances providing for arbitration of wages. Then on time worked outside of scheduled hours, we still don't feel we should change our position because our conditions are now better than the competitors.

Cobb (u): Well, our position is when a man is called out on off-schedule day *but given forty-hour notice,* he would not receive rate and a half.

Malcolm (m): Well, on this point I am not prepared to give you an answer today. I would like to calculate and see what it means in dollars and cents. On the fourth point, no cessation of work, I was just about prepared to give in on it, and say we would have the no cessation of work clause. But now you are making me feel again there might be a danger in doing that.

Jenkins (u): Just because you break your word to us, we are not breaking ours.

Malcolm (m): That is the second time you have said I am breaking my word.

[Mr. Jenkins referred to Article XIII of the tentative agreement, stating that no classification paid by the hour would be changed to a monthly pay classification during the period of the agreement. He contended that when the company put the gatemen and patrolmen on the monthly payroll, they had violated this agreement.]

Malcolm (m): That was a tentative agreement. If we had agreed on it, we would never have gone back on it.

Jenkins (u): It was a mutual understanding. We said that it would be possible for you to put everybody on the monthly payroll, and you said, "Just to show you that we wouldn't we will write it into an agreement."

Malcolm (m): And if we had signed the agreement we would not have gone back on it. Do you think that if we enter a tentative agreement on a certain point and we can't reach a final agreement on it, we are bound forever?

Cobb (u): Is the company's position on the strike and lock-out clause still the same?

Malcolm (m): For the time being, yes.

Cobb (u): Well, the craft seniority is the thing we were not going to discuss, and the reclassification.

Stratton (u): He has said he could not change on that.

Cobb (u): And of course you say the arbitration of wages is out. Does the company have any proposal or anything they would like to submit to the Oil Workers in the way of a wage increase? Is there any counterproposal?

Malcolm (m): Do you mean a counterproposal with regard to a 10% increase?

Cobb (u): Yes.

Malcolm (m): No.

Cobb (u): Well, Mr. Malcolm, we will convey your answer to the membership tonight in our regular meeting, and we will get in touch with you sometime after the meeting. Thank you for the time, Mr. Malcolm.

Malcolm (m): You are welcome.

[The meeting adjourned at 3:53 P.M.]

Discussion Questions

FROM THE MEETING OF FEBRUARY 19

1. From the introduction, how would you characterize the evolving relationships and this particular negotiation as a phase of those relationships?

2. Evaluate Malcolm's bargaining procedures with regard to (*a*) the demand for wage increases; (*b*) references to problems of joint relationships; (*c*) union "propaganda"; and (*d*) the discussions regarding "completion of an agreement."

3. Evaluate the four union representatives (1) on the basis of their contributions to the discussion, and (2) from the viewpoint of their effectiveness in this negotiation.

4. What criteria are urged by the union men to support their request for a wage increase? How does Malcolm meet these criteria?

5. Give your opinion on Jenkins' statement regarding "good" or desirable union-management relations [on p. 381] at the conclusion of this session, and Malcolm's response to it.

FROM THE MEETING OF MARCH 6

6. Evaluate Malcolm's presentation of the company's reply.

7. Evaluate the responses of the union representatives to this offer for clues to the union's major objectives in the negotiations.

8. Indicate the separate subjects of joint concern on which Malcolm transmits company decisions to the union representatives. Evaluate the order in which he presents them.

FROM THE MEETING OF MARCH 11

9. Discuss the union's response to the company's offer.

10. Evaluate Malcolm's response.

11. What element in labor's position on wage increases is distilled in Stratton's reply to Malcolm's argument regarding trends at the refinery since 1937? Discuss Jenkins' argument regarding the limitations in the competitive rates criteria, as the union sees them. What light does this discussion throw on "patternmaking" in wage negotiations?

12. Evaluate Malcolm's declaration of willingness "to take the consequences."

13. Evaluate the union's wind-up of the session, in reply to this implicit "last word." What do you make of Malcolm's response?

14. On the basis of the three sessions with the local representatives, how would you evaluate Malcolm's conferences with company headquarters in New York?

15. Discuss the issues of "good faith" raised in these sessions by Malcolm and the men.

BARRINGTON OIL COMPANY (B)

THE INTERNATIONAL UNION TAKES OVER

FROM THE MEETING OF MARCH 20

Malcolm (m) [to Mr. Jenkins]: Well, I understand you are chairman of the negotiating committee.

Jenkins (u): That is right, Mr. Malcolm.

Malcolm (m): Well, I am delighted.

Jenkins (u): Well, Mr. Malcolm, locally, I think we have said everything we can think of. The International is here, and we hope they can find some avenue of settlement. Locally it is out of our hands, but we are going to assist them and you in any way we can. So we are going to ask them to discuss it and see if they can decide who is wrong.

Malcolm (m) [laughing]: That is unfair, but not to organized labor. I am very glad to have Mr. Knight here. We are old fellow workers.

Knight (u): It has always been the policy of the International Union to attempt to settle disputes by conference in a fair and open-minded manner. We don't care to resort to any other means except conference. At the request of the local group and the Defense Commission we have come into this picture. We want to see if we can't arrive at a solution that will not cause any interruption of work.

As I understand it, there are some four points in a proposed agreement on which you have a difference of opinion. I understand the other sections have been decided on. I propose to see how far we are apart on these points and see if we can't work out some solution that will be fair to all. My experience has taught me that if we sit down at a conference table and argue long enough, we are bound to come out of it with an agreement. So I would like to discuss these unsettled points one at a time. Is that agreeable?

Malcolm (m): I appreciate your frankness, and we feel that in the interest of National Defense we should find some common ground. I am agreeable to discuss the points with an absolutely open mind.

Knight (u): The National Defense has called me personally by telephone and we are just as concerned as they are in arriving at a solution that the men can live under and which will let the company run its plant. I would like to open discussion on this "Forty Hour Notice of Change Dates."

It is my understanding that 40 hour notice in contracts is for the purpose of designating a method whereby the normal days off of an individual may be changed without a penalty of time and a half. We have been quite successful in that notice in many companies. We feel we cannot agree to a reduction in notice time because it would take away from the men things they enjoy in other Barrington plants.

Malcolm (m): May I ask you a question? You said this policy is adopted wherever your organization is functioning with Barrington. I hate to bring in a basis of comparison, but you are operating in California. For my information, have you the same provisions of 40 hours' notice?

Knight (u): I think you misunderstood my statement. I didn't say it was universal in Barrington. I said it was in some agreements. Because of dissatisfaction with the California agreement, we have no agreement there today and we are not going to have until we can consummate one that meets the conditions existing in other companies.

Malcolm (m): You also realize undoubtedly that this practice of 40 hours is considerably more liberal than the practice in the industry.

Knight (u): I can't agree with you on that, Mr. Malcolm.

Malcolm (m): For my information, has the Amtex Refinery a 40 hour notice?

Knight (u): Amtex has a much more liberal policy on the payment of overtime than is in existence at the Barrington company.

Malcolm (m): But haven't they 16 hours notice instead of 40?

Knight (u): I couldn't say offhand; but there are other factors that more than overbalance any discrepancy in that regard.

Malcolm (m): Recently you told us that we have intolerable conditions at the plant and I asked, how about Amtex? Some of you gentlemen told me Amtex has pretty good conditions; the men there are pretty well satisfied. Now I understand last week you told Amtex how intolerable conditions were there. But, of course, that is a trick of the trade.

Knight (u): We might just as well say this: our relations with Amtex have been more friendly than with Barrington. Their policy has been clearly defined. We don't find it varying in different areas. As to an agreement, we are not at loggerheads with Amtex. But when we go into negotiations with them, we are going to insist that there be some changes in that agreement. There has never been any thought in my mind, and I don't think in the minds of any other officials, of singling out Barrington and turning on the heat. I worked for Barrington a long time myself. My relation with the company was always fine as an employee. On the other hand, as an official of the organization, I found the Barrington organization a little harder to deal with because I couldn't find out what their policy was, and it was hard to justify the differences in policies in the various areas.

Malcolm (m): Talking about this clause on call-out, in your Rio agreement have you 40 hours notice, or have you 16 hours notice?

Knight (u): Mr. Malcolm, that agreement is contingent on final settlement of wages and negotiations at the various other places where we represent Rio Company employees.

Malcolm (m): I am just wondering.

Knight (u): The 40 hour provision that we are discussing is really an infinitesimal proposition when you consider the tremendous profit of the company for last year.

Malcolm (m): Suppose we should consider a concession on that basis. Would you be willing to say "if you don't make any money, you are entitled to withdraw the concession"?

Knight (u): The experience of labor has been that in periods of small profits their earnings are the first depleted. We do try to investigate the

profits of the various organizations with which we negotiate. Barrington had a very profitable year, and I think the request of the men is timely for that reason. We have wandered far afield from the forty hour notice clause. We would like to have the management concede that the forty hour notice is fair and will be part of the agreement.

Malcolm (m): The latest request made was that you want overtime paid for two shifts on changing shifts; is that right?

Jenkins (u): We had receded from three.

Malcolm (m) [jokingly]: You should have started at six. Well, for your consideration we would offer you a premium for one shift. That I can tell you—we have been calculating—will cost many thousands of dollars per year. But we are making you an offer of one shift, provided you could reduce somewhat the forty hour notice.

Knight (u): What do you mean when you say reduce the forty hour notice? How much notice would you want to give?

Malcolm (m): That is subject to collective bargaining.

Knight (u): Supposing we say thirty-nine hours.

Malcolm (m): Then we have to start on 12 hours.

Knight (u): Well, let's toss it out and have a look at it.

Malcolm (m): Frankly speaking, I am not clear in my mind how many hours it would be. If you are interested, we could step out for a few minutes; then we can give you the answer.

Knight (u): Well, before you go, I would like to leave this thought. The 16 hour notice isn't any notice. Supposing a man comes to work and works part of his shift. Then you notify him that you want him to work tomorrow which was his scheduled off-day. He will have no opportunity to change his plans.

[The company representatives left the room for a few minutes.]

Malcolm (m): Well our counterproposal is to limit notice to 24 hours.

Knight (u): Well, Mr. Malcolm, I am sure the committee will wish to see all of the answers we get on the various clauses and make their decision on the aggregate.

Malcolm (m): I didn't expect any answer today.

Knight (u): I think the next thing will be a discussion on the proposal for arbitration of complaints which arise over wages. There has been an ever increasing tendency to agree that the proper method of settling any and all disputes is through the processes of arbitration. We have accepted and endorsed the theory of arbitration and we certainly want to see all of the terms subject to final determination in a manner that will remove completely the necessity of industrial warfare. I am at a loss to understand why Barrington would wish to remove that method of settlement.

Malcolm (m): Well, this question is brought up very frequently and I regret that Barrington—and I am not only referring to our refinery—cannot agree to the arbitration of wages. We believe we can bargain collectively and set the wage standard by mutual agreement. But if there is any necessity to reopen the question of wages, we are not prepared to have an outside

agency arbitrate the subject. Even the best umpire when it comes to a question of job descriptions is not qualified to arbitrate wages. That is our belief right or wrong, but I am explaining how the company feels about it—and feels very strongly. I am under instructions of my headquarters never to put into an agreement a clause which would permit the arbitration of wages. I am sorry to tell you that, but it is my duty to do so.

Knight (u): I am extremely sorry that you have had to tell us that. I am wondering if the management has taken into full consideration all the various angles when they arrived at that decision. If you have disputes over the question of wages, whether it involves one man or an entire department, how are you going to eliminate conflict as long as you have provided no means for final determination?

Since you have not the power to make any concessions as far as arbitration is concerned, I would like to say I am quite sure that our willingness to become a party to an agreement running for a definite time will be contingent on the wages that become part of the agreement.

We can't enter into a bargain settling wages unless those wages are sufficiently high to meet a portion of the increased cost of living we can safely anticipate during the term of the agreement. If we can reach a determination of what is fair, I think the men will be willing to abide by those wages as long as the agreement is in force. So the final determination of the whole thing actually hinges on, "What are going to be the wages for these men?" I would like to know the management's attitude on wage increases at this time.

Malcolm (m): The committee has met twice and has made a request for an increase in wages mainly based on the alleged increased cost of living. We repeatedly invited this committee to produce evidence that living costs had increased enough to justify an increase in wages. We also approached the government in Washington. [Mr. Malcolm handed Mr. Knight a chart on the trend of the cost of living since 1937, showing that the present cost was below that for 1937 when the last adjustment of wages was made. He also told Mr. Knight that the company had made an investigation of the competitive wage structure and found that not only was Barrington's over-all weighted average rate roundly 5 cents an hour higher than the over-all average of competitors, but that the rate for each of its job classifications was in line with or above that of the competitive rate. For these reasons the company was not in a position to make an upward adjustment.]

Knight (u): Statistics, Mr. Malcolm, don't keep up with the actualities. Figures of thirty days ago don't represent the actual condition of today. I don't think I have much more to say on the increased cost of living. The increase is here, and I think it will go up more in the near future.

Malcolm (m): Exactly. Recently the cost of things *has* been going up, but it still hasn't reached the 1937 level.

Knight (u): The point for a fixed term agreement is the trend. However, it is not our intention to limit all our discussion to the question of the cost of living. It is extremely unfortunate that we ever let ourselves be

forced into the position of basing wage rate requests on area rates. I don't think it permits us the leeway to consider the management's ability to pay. Our policy has now definitely changed and we are not going to base our wage request on what the competitor is paying. A major competitor in this area made a profit of $3,500,000. Compare that with the $15,000,000 that Barrington made. They might not be able to grant wage increases quite as readily as you. Competitive rates are unfair for another reason. There has never been an attempt on the part of industry to level off competitive duties between plants.

We propose to approach the question of wage increases on the improved ability of the Barrington company to pay over and above their ability to pay in 1937. We think a part of the increase in money made should be given to labor who helped to produce it.

Frankly, my advice to your employees will be not to become a party to any agreement which binds them to their present wages. There is nothing unfair or beyond the ability of the management in the request the men have made. They are asking that the wage payment be increased 10%, and the distribution of that 10% be arrived at by conference. I don't know whether it is a fair question, but do you have the same instructions on wages that you have on arbitration of wages?

Malcolm (m): Yes.

Knight (u): Well, that is indeed an unfortunate circumstance.

Historically and traditionally, whenever we have had these periods of rapid increase in cost of living, wages have trailed behind. If you are informed that the price of crude oil is going up, you raise your prices. If the price of a cracking chamber goes up, you pay the price. The only price that is subject to long negotiations happens to be the commodity known as labor. That is the only thing these people have to sell. They are asking that the company increase the price in proportion to other things that they are buying. We will not enter into an agreement for a year's time on the basis of wage rates that we feel are inadequate today and are going to be increasingly inadequate. However long we argue about it, the position is going to be the same.

If this is a determined policy established elsewhere by the corporation, then it is going to take more than a conference to change that policy, and it devolves upon us to find the manner and means of convincing the management in New York that that change is necessary. I hope that out of our meeting we can arrive at a definite understanding. So again I ask, is it absolutely impossible for this office to discuss the question or to grant an upward adjustment in the wage bill?

Malcolm (m): There is another question I didn't bring up. If you are interested in a contract, what idea have you as far as the expiration date is concerned?

Knight (u): Of course, you have me at a disadvantage there, Mr. Malcolm. I haven't had an opportunity to discuss that with the members of the committee. I would much prefer if the spokesman for the committee would give us the benefit of their ideas on that.

Jenkins (u): It is historical for us to ask for a year's contract. I don't think there will be a lot of quibbling on that.

Malcolm (m): Our suggestion is to have it run up to January 1 or if necessary I would say February 1.

[From 12:00 to 1:15 the meeting adjourned for lunch.]

Knight (u): You wanted our idea on the period of agreement before making a final answer on wages. If we arrive at a satisfactory understanding concerning the terms of the agreement, February 1 will be agreeable to the men.

Malcolm (m): Well, what is the next question?

Knight (u): We have arrived at a point where a final determination rests on our ability to get together on the subject of wages. I don't know that there is anything further we can add. I still don't know what the final position of the management is on wage increases. We are at a loss to know how to proceed until we know what the position of the management will be.

Malcolm (m): You are attacking the problem from a different basis than the committee had before. You are giving major emphasis now to different criteria for wage adjustments. But still I have to say at the present time we cannot see eye to eye with you. To develop one thought, say the company made $15,000,000 and on the basis of ability to pay they would make an adjustment. Delico made $60,000,000. Their wages should be four times as great as ours. Where are we going to be? Then there is the company that made $3,500,000. On that basis their wages should be only a fraction of ours.

Knight (u): Of course, you are picking out one particular phase of our presentation and trying to justify the whole procedure on that one thing. It wasn't our intention that our sole basis was because the company made $15,000,000. That wasn't our thought.

Malcolm (m): But the paramount thought?

Knight (u): The paramount thought, yes. We mentioned the very evident increase—both the increase that is already here and the anticipated increase—in living cost, as one reason. We mentioned the ability of the company to meet the wage increase as another reason. Taking the two together, it makes a pretty logical approach to the question. Taking each one separately is not a very logical approach to the question. I think you can see our position. We would be very foolish to sign an agreement binding us to the present wage rate for a period of a year in the face of those two facts. The company has the money and the men are going to need the money even at their present standard of living.

Malcolm (m): Well, I see certain logic in your procedure, but still as a company we can't see that a wage increase is justified.

Knight (u): Well, Mr. Malcolm, an answer of that sort, no matter how many arguments we might present, is still an answer. To get into a little more discussion on this question of profits, I think the employees of the Barrington Company, along with many others, have arrived at a much better understanding of the corporate structure of a company of your sort, and how to decide whether capital is receiving a fair return. We can argue all

day long on the question of wages. However, I think we understand each other's position. The men take the position that they are not willing to enter into an agreement binding them to these wages you offer now for any length of time. I don't know what it is going to take to change the management's position. I would like to listen, but if the management's position that there isn't another nickel to kick into the bucket is adamant, then that's that. For the men's position is adamant that they are not willing to enter into an agreement unless the wages are adjusted upward. I am sure Barrington can't afford to have a group of dissatisfied men. We want to have a group of men who are going about their jobs in the right way—doing the best they can to help to make a profit.

Malcolm (m): The trouble is if we made $30,000,000, then you would ask for 20%.

Knight (u): We might do that but any request we make to any management that is fair will never be a request that is going to force their company into a position where it can't operate on a profit—we won't do that.

Malcolm (m): Well, to summarize the whole thing, as I said before and I wish you would realize, it is not a personal issue. Unfortunately the whispering campaign blames me personally for certain stubbornness. On certain things, administrative matters, I am given certain freedom. On certain cardinal principles I have to take instructions given me. For the present we cannot see on the basis of your arguments and reasons how we could make an upward adjustment.

Knight (u): Well, that forces us to point out one further reason which we had certainly hoped would not be necessary. The injection of such ideas is always regrettable and it is extremely regrettable under these circumstances that it must be mentioned. The policy on the question of wages emanates from sources other than this room. There is only one other argument that we can use to change the decision of the management in a case like this. We must tell you that your employees are not only unwilling to bind themselves to an agreement of this sort for a period of one year. We must also tell you that the dissatisfaction is so great they are unwilling to continue working for your company under the present wage scales. That, I think, should be very carefully considered by the management of the Barrington corporation. The men have expressed that decision through the democratic processes of our organization, through a vote.

This situation is disagreeable to us; it is bound to be to you. It is disagreeable to the entire nation at this particular time. However, it is the one recourse we have in a situation of this sort. The men feel, and I feel as they feel, that to agree to what you offer in view of the circumstances would be unfair not only to themselves but to the rest of the people with prices going way up and wages slowly dangling behind. If there is any misunderstanding as to the thought I am trying to convey I will be very glad to restate it.

Malcolm (m): I think we have no misunderstanding on the position you are taking, and I hope you have no misunderstanding on the position we are

taking. I think it seems only logical since we are approaching the subject on a different basis than the one given before by the negotiating committee that I have an opportunity to present your idea to the management.

Knight (u): I think a reasonable time should be given to receive the management's answer, and we don't want you to get the opinion that we are saying if we don't get an increase today, that tomorrow the men are all going to quit. Certainly we are going to proceed with these negotiations; we are going to permit ample time for our squabble to get to the top management. I don't think ample time means two hours, but on the other hand I don't think it means a week or two weeks.

Malcolm (m): I think it is fair enough. We understand one another perfectly. What time do you think is a reasonable time as long as we don't meet on Saturday or Sunday?

Cobb (u): After all, I believe this is a rather special occasion. I don't like to interrupt anybody's Saturday or Sunday schedule, but it is a great concern to all of us.

Malcolm (m): I fully realize it. For the last seven or ten years I have been full of special occasions, but I have decided never again. I have to have my rest. I am not a machine.

Knight (u): We still have a day between Saturday and Sunday.

Malcolm (m): Well, suppose we will give you our answer by tomorrow at 1:00 o'clock.

Knight (u): That is fine. In order that there might be no disturbance, I hope we can agree that if any reporters contact any of us, the only statement we make is this conference has adjourned until tomorrow at 1:00 o'clock, and progress has been made. I have been asked to keep the Defense Commission informed. I feel I am obligated to contact it.

Malcolm (m): That is very fair because I had the same request from the Defense Commission.

Knight (u): The determination of any further step will depend on the answer of the management tomorrow.

[The meeting adjourned at 2:07 P.M.]

Discussion Questions

1. What clues does the opening of this session suggest regarding relationships (*a*) between the local plant management and the men; (*b*) between the local union and the International?

2. What is Knight's opening gambit after the initial pleasantries as he takes over union leadership in the negotiations?

3. Evaluate Knight's bargaining procedure in the manner in which he sets up the "order of discussion" on the issues before the negotiators, detailing concretely and exactly what he does and contrasting it with the discussion in the early "local" sessions.

4. How does Malcolm adapt himself to Knight's moves? Illustrate with the issue regarding the 40-hour notice on change of schedule.

5. How does Malcolm assimilate the "unsettled issue" regarding arbitra-

tion of wage rates and job classifications into (*a*) the whole negotiation; (*b*) the underlying problems of relationship?

6. Contrast the bargaining on wage increases in this session with that in the earlier "local" ones in terms of (*a*) the criteria urged; (*b*) Malcolm's response to the union in each situation; (*c*) Knight's handling of the rejection by New York of "increases now"; and (*d*) Malcolm's willingness "to take the consequences" in each situation.

7. Evaluate Malcolm's bargaining strategy in this session, again with reference among other things to its contrast with that in the earlier ones, regarding (*a*) the completion of an agreement; (*b*) timing in reporting back instructions from New York regarding the wage increase; and (*c*) problems of underlying relations.

8. Discuss the distinction Knight makes between negotiation at Barrington and Amtex. Discuss similarly his criticism of Malcolm's handling of the union's wage criteria vs. its wage case.

9. What new factors would you say Knight has brought into the union's bargaining; which would you say promised to exert most potent influence?

BARRINGTON OIL COMPANY (C)

THE FEDERAL GOVERNMENT INTERVENES

FROM THE MEETING OF MARCH 21

Malcolm (m): In answer to your question with which we closed our meeting yesterday, we discussed it with our headquarters, and they feel we should take advantage of the mediation service of the United States Department of Labor.

Knight (u): Well, Mr. Malcolm, insofar as our group is concerned, I hesitate to answer without first consulting them. Any mediation will have to be immediate mediation, because of pressing business which requires the presence of many of us in other places. I am going to suggest that we recess for about five minutes.

Malcolm (m): Although this is beside the point, after walking out of the office about three o'clock yesterday afternoon, we were surprised to find a statement in the newspapers, which according to some misquoting reporter was made by Mr. Jenkins, that you were publicly announcing that Mr. Everett of the United States Conciliation Service was called in.

Jenkins (u): I heard of it first when you did. Mr. Everett, as I understand it, gave a statement that he had been requested to come in.

Knight (u): That was very evidently a misquote of Mr. Everett. I talked to him. He said he had been asked by the Defense Commission to be prepared and stand by.

[After a brief recess, the union representatives informed the management representatives that it would be agreeable to call Mr. Everett, and suggested

an adjournment until he arrived. Mr. Everett arrived at 3:10 P.M., and, as the meeting reopened, he asked which side wanted to speak first. At Mr. Malcolm's suggestion Mr. Knight reviewed the union case emphasizing that the demand for a 10% wage increase constituted the major remaining barrier in the way of a satisfactory agreement. He recapitulated the union's arguments basing the wage demand on actual and anticipated increases in living costs, the company's financial position, and the determination of the men to "refuse to work" on the present wage scale. Mr. Malcolm replied with a similar review of the company's position. He emphasized the joint agreement upon some 70 items of the contract, with 4 still in dispute until yesterday when final settlement of all was revealed contingent upon settlement of the wage issue. Regarding wages, he again emphasized that Bureau of Labor indices showed no increased living costs, that the adjustments given were equivalent to a 1½% wage increase and brought the weighted wage average at Barrington's some 5 cents above competitive rates, and that profit rates could not enter into wage arguments since one competitor had made four times the profit of Barrington and another only one-third as much.]

Everett: May I suggest that we have separate meetings. I am way behind on knowing what the facts in the case are. If that is agreeable, I would like for us to separate for a moment or two.

[The two groups separated and Mr. Everett remained first with the union group. He then conferred with the company representatives, who showed him their figures on competitive rates and cost of living. He spent very little time, however, reviewing these data.

[He then made two suggestions to the parties: first, that they agree on a neutral fact-finding committee which would investigate the case and make their report; and, second, that the size of the group be reduced to one or two on each side. The union representatives rejected both of these proposals. Mr. Everett then suggested to each group separately that they adjourn overnight and meet again Saturday, March 22, or Monday, March 24. Under the impression that this suggestion was agreeable to both groups, he left them. Later the union representatives called the company representatives and insisted on having "an answer" before the union meeting which was called for that (Friday) night. The company representatives informed them that it would be impossible to comply with this request, and that Mr. Everett had indicated it was agreeable to adjourn until Saturday or Monday.]

From the Meeting of March 24

Everett: I hope everybody listened to the president the other night. Certainly if a strike can be avoided here, it should be! Remember, if this country ever becomes Hitlerized, there will not be any management or any labor. It will be just like labor and industry over there under the heels of dictators. I think you are good reasonable men. You know what these controversies mean, how costly strikes always are. And above and beyond that, these are not normal conditions. As the president said in his speech, we are confronted with a situation more serious than any we have ever faced.

Knight (u): I appreciate your statements and on behalf of the employees of this refinery and those of all the operations throughout the United States, I tell you they are fully cognizant of their duties in the way of defense. I am sure that you will find, if our fears turn into actualities, that these are the men who will have the guns on their shoulders; and most certainly we want our nation to be prepared to meet any eventuality that might come. Defense to us is a serious proposition. We are trying our best to keep the American workman in a position where he can take a part in defense and will want to take part in defense. In my opinion, if a man is going to have to fight for something, it should be something worth fighting for. The workers are asking that an addition be made to their pay check so they can meet their normal requirements. I think they are right in so doing. I understand we are not too far apart at the present moment. If I have it correct, the company is now in a position to make a counterproposal on wages. My hope is that it will be sufficient to warrant real consideration. I personally am quite grateful for your remarks, Mr. Everett.

Malcolm (m): Well, are you through, Mr. Knight?

Knight (u): Yes.

Malcolm (m): We might just as well get down to business. We have been considering your request very carefully, and for the same reason as you, we are glad to make an offer on the basis of national defense. You know what contracts we have with the Government and mainly because of national defense, we are prepared to make an offer. Our offer is to increase our hourly paid workers in the amount of 3½% on the hourly payroll. Considering that two weeks ago we made an increase effective March 8, 1941, in the amount of roughly 1½%, our total increase would amount to 5%.

Knight (u): Three and one-half per cent, in my opinion, is a long ways from the original request of the employees for 15%. My opinion is that the employees who have already given considerable thought to their immediate needs are not going to be satisfied with the 3½%.

Malcolm (m): May I correct you for a moment? That's 5%. Two weeks ago we gave you 1½%.

Knight (u): All right, Mr. Malcolm, we will say 5%. That is one-third of the original request. In the past employees made rather high proposals feeling that they would be beaten down in bargaining. They tell me that their second proposal, when they dropped from 15% to 10%, is about as far as they could afford to yield. I can't blame them much for not being very highly elated over 3½%. Incidentally, over the week end, I learned that tank wagon prices are up 1 cent. It was unusual to me that this story came out now, inasmuch as the increase took place three weeks ago. Usually it is in the papers immediately. I am sure the companies are taking full advantage of that 1 cent increase. I wish, Mr. Malcolm, that you would reconsider your offer.

Malcolm (m): We are considering it from all sides and I had a hell of a time getting what we got.

Knight (u): Compare that to $15,600,000. We are still leaving you the $15,000,000 and 90% of the $600,000.

Malcolm (m): That is very kind, but let's not forget one thing. If we were grossly underpaying our employees . . .

Knight (u): But you will soon be.

Malcolm (m): But we are not. We are the leaders now. We are prepared to submit our figures and definitely prove we are leading in wages.

Knight (u): In some classifications and some figures, you are. But Barrington has notoriously been a follower rather than a leader. So seldom does Barrington take the lead that here I think is an opportunity.

Malcolm (m): But our claim is that we have been leading already; and on top of it, we are offering an additional increase and leading again. You know how the rest of the companies feel about it. Undoubtedly, we will be seriously criticized.

[The union requested a brief recess.]

Knight (u): Mr. Malcolm, I have been discussing your proposal with the committee. They don't believe that they can recommend acceptance of the proposal you have offered. I would like, however, to make a counterproposal based, of course, on the final completion of the contract and the satisfactory adjustment of contingent matters presently in controversy. We are prepared to cut our original demand in half by the following method: First, that this increase you offer be granted and made retroactive to January 1st. Then an additional 2½% be forthcoming in 60 days. Finally we include in our agreement a provision making it possible to reopen the contract if and when an index of the cost of living shows a 5% increase. That is exactly 50% less than the increase the employees originally proposed. We feel on that basis we can arrive at a bargain if it is agreeable to the management.

Malcolm (m): First, with regard to reopening the contract if the index goes up 5%. Do you mean the contract will be reopened, or the question of wages?

Knight (u): If we opened any phase of the contract and failed to reach agreement, it would terminate the agreement. But that doesn't mean that all the other provisions would be subject to negotiation.

Malcolm (m): To a certain degree, I see the logic of it. If prices go up unexpectedly, it seems to me logical to look for protection. So if I know what you have in mind, we will be glad to consider it. As far as the increase is concerned, I am sorry to state we cannot see our way clear to give any more. You are stating your reasoning on the basis that because the organization asked for 15% they should have at least 7½%. Suppose you start with 30%, does it mean we have to give 15%?

Knight (u): We have made a proposal on the original request of 15% which was not unreasonable. The compromise the men have offered is fair. But I think from their attitude, they consider that a rock bottom proposal. I don't think they are going to reduce their request any lower. I know I shall not ask them to. As an additional argument, it is obvious that in the other industries where wage increases are given, none of them are less than 5%. Most of them are more.

Malcolm (m): I would suggest that you stick to the oil industry. We are not aware that in this district anybody is giving even 5%.

Knight (u): But the oil industry is lagging behind all others.

Malcolm (m): Well, we made a counterproposal, regardless of the fact that we have been accused of stalling for time. If we were stalling for time, we feel that we wouldn't have offered you anything.

Knight (u): Mr. Malcolm, I left early Saturday morning and arrived back at 12:15 today. Obviously, I couldn't have made the statement I was credited with making. I haven't talked to a single reporter in the city for a period of about three months.

Malcolm (m): Likely you made a written statement in this case.

Knight (u): I made no written statement.

Malcolm (m): I was called by the reporters, and they read to me your statement.

Knight (u): I will bet you there isn't a reporter in town who could even identify me.

Malcolm (m): I wouldn't like to have an extended discussion about it. But after we have a gentlemen's agreement that we wouldn't make any statement to the press, I was a little disappointed.

Knight (u): Mr. Malcolm, I am not in the habit of making an agreement and then breaking it. This is the only negotiation I have been in for some time where there have been so many statements and counterstatements in the papers. I don't like it, and certainly hope we can soon arrive at an understanding that will eliminate it.

Malcolm (m): As far as publicity is concerned, I think you can do what you wish at present. Now again, as to your counterproposal, we don't see how we can give it any serious consideration.

Knight (u): Just what features are objectionable?

Malcolm (m): In the first place, the retroactive feature. About this reopening clause, I am in favor of it, but I would like to clear it with our management in New York. I am reasonably certain they can agree to it. I realize you can't bind yourself for a year to something that may not be sufficient.

Knight (u): Mr. Malcolm, if that is your only objection, make it retroactive to the 15th of this month.

Malcolm (m): Of course, the retroactive feature is objectionable, but much more objectionable is the demand for a 7½% increase, especially if you can reopen on wages if the cost of living goes up.

Knight (u): Of course, there lies the principal disagreement. We can't give you much on that increase of 1½% that was granted a short time ago. It adjusted inequities, but the majority of the men received no wage increase whatever.

Malcolm (m): I disagree with you. I claim at least one-half of our hourly paid employees benefited.

Knight (u): Well, that still leaves a half of them who are not going to gain anything. They are going to view the obvious situation. Wages are being increased throughout the country, most of them at least 5%; some more. They see no reason why the workers at Barrington should be satisfied

with 3½%. Of course, that is purely my opinion of the willingness of your employees to continue working on the basis of your adjustment in wages. I don't like to see disagreement over a matter of wages, especially at this time. But we act as the bargaining agency for these people and try to do the best job we can for them. It will be useless to say 3½% is agreeable, so I think the company should give further concessions.

Malcolm (m): Well, we will give this protective clause favorable consideration and if the cost of living is increased we can still get together. In other words, the door isn't shut altogether.

Knight (u): Well, Mr. Malcolm, to be quite frank, the amount of money is so small, that I believe your officials in charge of policy will agree to meet this request of the men.

Malcolm (m): You can rest assured that I am not making this offer on my own hook. In other words, if you think our officials will agree to 7½%, you are insinuating I am trying to offer 3½%, and that if I took it to the people in New York they would say 7½% is O.K. You are wrong. I am getting my instructions on the wage question.

Knight (u): Well, by the same token, the 5% and 2½% were arrived at, you might say, by instructions given to me.

Malcolm (m): Sure, I realize that.

Knight (u): We try to help the boys formulate a request. When it is made, we help them to stick by it. I have no thought and no desire to recede from that request. I say we are quite willing to remove what seems to be your principal objection.

Malcolm (m): Of course, the retroactive feature is objectionable, but the paramount objection is to the amount of money.

Knight (u): That is the feature that is not acceptable now?

Malcolm (m): And the retroactive clause is not acceptable, the date clause is not acceptable, and the amount of percent isn't acceptable.

Knight (u): That is the 7½%.

Malcolm (m): Yes.

Knight (u): How about the 5%?

Malcolm (m): No.

Knight (u): By making that suggestion, I am not suggesting that the men would forego the 2½%.

Malcolm (m): 3½% is final, and as I have said before, we would be glad to protect the men in a contract.

Knight (u): Mr. Malcolm, I don't think there is much use of us wasting each other's time. I feel the company should view the counterproposal and let us know what is the best possible offer the company can make. If we have already arrived at that, that is it. If you haven't, we wish you would do so. The proposal you made this afternoon, perhaps 60 days ago would have been accepted. Today, no.

Everett: Wouldn't it be a good idea for both sides to sleep on this tonight and meet again tomorrow afternoon, if that is agreeable.

Malcolm (m): Well, Mr. Everett, it might be agreeable, but I wouldn't

like to imply by doing so that there is any promise on our part that we will go higher.

Everett: I didn't mean it in that sense. The idea was for both sides to study it over. It is getting late and you gentlemen have done a nice job of negotiating on a high plane and it never hurts to try it again, say 24 hours later.

Knight (u): If there is a thought in the mind of the company representatives that there is no possibility of a change in management's position, I think that would obviate the possibility of sleeping on it. I think, if an agreement to recess 24 hours is made, we have every right to expect that the management in the New York office will be apprised of the situation, and plenty of consideration will be given to the request of the men. We haven't accused the company of stalling and we don't intend to, but I am sure that if Mr. Malcolm feels this is the final answer of the company, he will be frank enough to say so.

Malcolm (m): You have me exactly right, Mr. Knight. I have to advise our management in regard to your proposal. But I would like to say definitely in the same breath, it doesn't mean we are going to grant it. It doesn't mean, if we answer you no tomorrow, that I have been stalling. Get the idea?

Knight (u): I do. I had a telephone call from the National Defense Committee today in which we were requested to lay before the management the rock bottom proposal of the employees. That has been done. I think that our meeting tomorrow should bring about a definite end to our conference either through consummation of the agreement, or otherwise. I feel sure, if the top management of the company who makes the policy could listen to our arguments, it might make their final answer a little different. We are placed in the position of laying our argument before you, and you are placed in the position of being our advocate in the matter. I want to impress it upon you very clearly, if I can, that these men have given every consideration to all of the existing circumstances and they don't feel that they can yield further.

[The meeting adjourned at 4:05 P.M.]

From the Meeting of March 25

Malcolm (m): As we stipulated yesterday, we will have a very short session. After discussion with our headquarters concerning yesterday's meeting, our management reached a decision which is final as far as the company is concerned. In the interest of national defense, and for your reasons submitted to us yesterday, the company is agreeable to granting hourly paid employees an increase in the amount of 5%. We will make it effective next Monday, which is the 31st, because we have to put the payroll machinery into operation. We are also prepared to adopt a clause with regard to the cost of living of the Department of Labor. We, of course, still maintain our position that arbitration of wages is out. That is the whole thing in a nutshell. If you wish to remain alone, we will be glad to retire.

Knight (u): There are several other items. [Mr. Knight thereupon referred back to the issues still at controversy between the parties including the 40-hour notice on change of schedule, the "normal work week for day workers," and contracting out maintenance and construction work. A recess was then called, after which discussions were resumed, as follows:]

Malcolm (m): On the definition of "work week," I would invite Mr. Carlisle, Mr. Harris, and Mr. Boyden to discuss that.

Harris (m): It seems we didn't know just what you were driving at. We have men starting their work weeks all seven days, so there could be seven separate work weeks.

Knight (u): Our proposal is that we define "work week." For the general group, their "work week" will start on Monday and end on Friday, while the required number of odd schedules will provide for the normal trouble shooting.

Harris (m): We work all men five days here with 36 hours per week. We can't, with our present setup, start on Monday and end on Friday.

[There was considerable unrecorded discussion at this point between Messrs. Carlisle, Jenkins, Knight, and Boyden. The company representatives explained in detail why their refinery schedule of four 8-hour days in one week and five 8-hour days in the following week, or an average of 36 hours a week, made it impossible to have the amount of flexibility had by working 8 hours in one day and 7¼ hours in four days, or five days each week. The point was finally passed.]

Malcolm (m): Well, the next point is change of shift schedule. [To Boyden.] Will you give our proposal?

Boyden (m): If a man is scheduled to be off on Wednesday and is told 24 hours in advance that he is to work Wednesday and take Friday instead, he will work at straight rate. If a day worker is scheduled to work the 8–4 shift and is told to work 4–12 or 12–8, he will receive rate and a half for the first day so worked, regardless of notice.

Harris (m): And it is understood we can change a man's schedule, either permanently or for the week in question, to the extent of changing his day off with agreed notice; and it can be done at straight time.

Knight (u): We are not very far apart on it. But, on the 24-hour notice, couldn't we, from the standpoint of what is fair and right, extend it to 26 hours?

Malcolm (m): What are the pitfalls, Carlisle?

Carlisle (m): As far as we are concerned, 26 hours is the same in practical effect as 40 hours.

Knight (u): Well, I am going to say this. I have known Mr. Carlisle for some time, and if he will make every reasonable effort to notify these men *before* they come to work, I am going to suggest to the committee that they accept 24 hours. I have a lot of faith in Mr. Carlisle's statements.

Jenkins (u): It is agreeable to me.

Stratton (u): That is our recommendation.

[The parties at this point explored varying questions introduced by the

union as important to their members, though admittedly not major issues of the negotiations at these final stages. They concerned the request of the men to receive first consideration for construction and maintenance work, which now might be "contracted-out"; the job rates of asbestos workers; and reconsideration of the appeal of a night-shift operator discharged when caught sleeping at his post. The company would not recede from its positions on any of these questions; nor on the more crucial differences over contract coverage of watchmen, which the union thereupon declared it would carry to the NLRB. The discussions then proceeded as follows:]

Malcolm (m): With regard to the clause permitting reopening of wages under certain circumstances, we have prepared a wording for the clause that follows the suggestion of the conciliator.

ARTICLE 12, SECTION 11

Either party to this agreement shall have the right to reopen the question of wages only once during the period of this contract. This right shall be exercisable on or before August 1, 1941 on ten (10) days' notice provided that on or before July 1, 1941 the cost of living index of the United States Department of Labor registers a change for this area equal to or exceeding 5% in comparison with the figures published for March 15, 1941. Should no agreement be reached on the question of wages under such circumstances, this agrement shall become null and void thirty (30) days after the date on which the question of wages has been reopened.

Knight (u): Why the limit of reopening once? If the theory is right between now and July 1, it is equally right after July 1. Perhaps the index of the cost of living might remain static between now and July 1, and immediately thereafter jump 20% or 10%. Our thought was that if the living cost would justify an increase, management would be agreeable to meet with us. We do have particular objection to the way this clause is written.

Malcolm (m): Inasmuch as Mr. Everett was called in and made this suggestion, we adopted the suggested clause. But if we agree to the principle, you immediately want something more.

Knight (u): No, Mr. Malcolm, that is not our thought at all. We agreed to the principle that if the cost of living went up the men could reopen the question of wages. We have every reason to believe there will be an upward movement in the cost of living before July 1, 1941, but we are not sure of it, and we feel that we would be doing the employees an injustice to agree to a 5% increase only at that time. I wouldn't recommend its acceptance to the employees. We will agree that there should be no reopening for a certain specified time from this date on; but we won't agree that the opportunity to reopen be limited to July 1st, and anything that happens after that time will just have to happen.

Malcolm (m): Well, you tell me your counterproposal. I can't commit myself without consulting my people, but let me get it right.

Knight (u): Well, we object to the date July 1st and the limitation of one time.

Malcolm (m): Would it be acceptable to you, if it would read that either

party to this agreement shall have the right to reopen the question of wages during the period of this contract on 10 days' notice, providing the cost of living index of the U. S. Department of Labor registers a change for the area equal to or exceeding .5%?

Knight (u): I think that would be quite acceptable.

Malcolm (m): Well, I would like to contact the proper authorities on this Article.

Everett: Suppose Mr. Malcolm gets the green light from New York on this last proposal. Are we settled?

Knight (u): We are very close to a very good understanding on the whole thing. I am going to suggest that the final decision be made by the men tonight.

[Mr. Everett suggested that any statements to the press be limited to the information that results were satisfactory to both sides. Mr. Malcolm suggested that reporters be referred to Mr. Everett.

[The meeting adjourned at 9:17 P.M.

[At their local meeting, the union members accepted the agreement as negotiated; Mr. Malcolm received approval from top management.]

Discussion Questions

1. On the basis of Everett's activity both in the session of March 21 and in later sessions, what would you say with regard to the objective of conciliation and Everett's effectiveness in terms of that objective?

2. Tabulate in two columns the wage demands and offers of these negotiations, noting in the first the amounts and dates of the union's demands and their subsequent modifications and in the other the successive offers of the company. Appraise these data in terms of bargaining strategy.

3. What gains do you see for each side in a wage-reopening clause? What advice would you give to management, on the one hand, and a union, on the other, regarding the content of such a clause in terms of (*a*) reopening time or times, (*b*) issues, (*c*) relation to the duration and termination of the whole contract, and (*d*) usefulness in a period of inflation or deflation?

4. If you were a management representative, would you prefer a cost-of-living escalator clause incorporated into a long-term contract as in the 1948 General Motors' contract, or a reopening clause parallel to the one negotiated at Barrington? As a union representative, what would be your preference?

5. Appraise the "wind-up" of this negotiation in terms of the background of relations since the union entered. Give your estimate of the prospects for developing relationships. If you were a member of management, what preparation, if any, would you make for administering the new contract?

PILGRIM OIL COMPANY (A)

NEGOTIATING THE SHUTDOWN OF A REFINERY

At the Crown Point refinery of the Pilgrim Oil Company the operating, laboratory, and chemical workers are represented by Local 000 of the Oil Workers International Union (CIO). The agreement is automatically renewed from year to year unless either party, within 60 days of any expiration date, gives written notice of desire to change it. The negotiations recorded in this case were initiated by the union, which presented 47 demands for contract changes embodying revisions in practically every article of the agreement. Mr. Charles Raymond, manager of labor relations for the company, came from New York headquarters to lead the management negotiating committee; he participated throughout the proceedings until the strike went into effect. He then returned when negotiations were resumed to end the strike.

Behind the parties at Crown Point were over 14 years of relationships—as each side reminded the other during their sessions. But these reminders also brought recurrent references to stormy episodes, disputes, strikes, or other "tough" negotiations. Some local union officials and management executives had participated almost from the start. Perhaps the most continuous service in such bargaining roles had been held by Mr. Michael C. Flynn for management, and Mr. Joseph C. Arnold for the union. Messrs. Woody Davis and Burton Chadwick on the union side also had relatively long terms of service. Most of the stressful episodes had occurred during the administration not of the present general manager, Mr. George Metcalf, but of his predecessor. Mr. Flynn had then been assistant to Mr. Andrew Holden, the former manager, who had been retired during the war years.

On January 20, as the proceedings opened, the union negotiators asked to discuss first one of their 47 demands that they announced was "basic"—that their negotiators be paid by the company for time lost from work through these proceedings. They argued that other companies in the area paid for negotiating time and that the costs had been exceedingly heavy for the local union; yet democratic procedure as well as joint interest demanded rank-and-file employees on the negotiating committee. They also emphasized that the company paid for negotiating time in another branch plant (Dobie), where an independent union represented the employees. This preliminary argument occupied hours of the opening session and was reintroduced time and again throughout the proceedings.

Preliminary exploration of the union's remaining 46 demands then followed. Those given major emphasis were: pay to union representatives for time lost on all grievance adjudication; revisions of the no-strike clause that would bind the union only on matters referable to the grievance procedures up to and including arbitration; requests for rate adjustments in some 69 individual jobs in the operating departments and a like number in the crafts, exclusive of the laboratory, which was covered by a separate negotiating subcommittee; joint discussion of qualifications for and classification of

jobs in new plants; changes in the provision for accrual of seniority on temporary assignments; a union shop and checkoff; revisions in current benefits, including allowance for clothing damaged on the job; severance, sick leave, and other insurance benefits; paid holidays and vacation allowances; increased meal allowances on overtime work; time off with pay for attendance at the funeral of a member of an employee's family; and pay to men serving as jurors or court witnesses. Finally the union asked for the current cost-of-living bonus to be converted into basic wage increases of 18 cents per hour retroactive for the last quarter of the contract year just ending, and for a 25 cents per hour increase for the new contract year. Explanation by the union of the "meaning" of its demands occupied both sessions of January 20, the morning session of January 21, and part of the afternoon session.

As this initial stage of negotiations drew to its conclusion, company officials submitted 22 counterproposals. They were focused upon provisions regarding contractual coverage and revision, seniority, no-strike obligation, the grievance machinery, and union security. They sought to remove hourly rated supervisors from the bargaining unit; to establish the affirmative obligation of the union to refrain from work stoppages of any kind; to give management the right to appoint temporary (as well as permanent) supervisors without regard to seniority rules; to make the job the basic unit for seniority purposes instead of the department and the plant; to establish a six months' probationary period for new employees; to deduct unexcused absences from the record of continuous service for seniority purposes; to accord management the right to "try out" the top several men in seniority rank prior to assignment to a higher rated job vacancy; to bar an employee summoned for conference with a superior from calling his union representative if only questions of fact were to be asked; to require union stewards to obtain permission from supervision before leaving the job to transact union business; to make the American Arbitration Association the agency to name arbitrators under the grievance machinery; to eliminate the right of job preference among jobs in the same classification; to eliminate the maintenance of membership clause; and to define "valid union business" entitling an employee to leave of absence. The company's first wage offer postulated a formula arrangement yielding a 12½% cost-of-living bonus effective February 1 to June 1.

After scanning the written draft of these management counterproposals distributed to them, the union representatives interrupted management's exposition with a protest that none of them really touched on the union's demands and that the company was not presenting its "new demands" within the contractual time limit. The session closed on this argument. The next day, January 22, a group of union members entered as "spectators." The protest against the company's counterproposals was vigorously continued. There were no union spectators at the afternoon session; and management's proposal that the negotiators collate the union's and the company's proposals serially with the articles of the expiring contract was accepted. Discussion of the agreement went forward in this manner on the fourth and fifth days' sessions, January 23 and 24.

On the fifth day, the parties concluded their preliminary explorations of the union's proposals and the company's counterproposals; and a night session was held. Pointing out that wide differences persisted while the contract was due to expire on January 31, the union proposed that the parties meet with the Federal Mediation and Conciliation Service.

Beginning with the appearance of the Federal conciliator, Mr. John D. Parkman, negotiations continued for 10 days. During this period, the current contract, which had expired on January 31, was extended three times as follows: on January 31, for 5 days; on February 5, for 48 hours; and on February 7, by vote of the union members, until February 12.

The conciliator did his utmost to avert a shutdown. He offered information on parallel issues and on how they were met in other negotiations. He proposed possible compromises; he tried to "narrow differences." He engaged in separate conferences with each side. He made a point of "checking off" articulately any issue on which "tentative agreement" was reached. He sought, by very specific questions, to crystallize the boundaries of difference and within them carve out an area of agreement.

On the sixteenth negotiating day, it began to appear that a deadlock would be inescapable. The conciliator at this point proposed a somewhat different approach: that one side produce a concession, or a new offer, on one of the differences and then the other side make a concession on another. The conferees proceeded to offer alternative concessions until these offers also ceased. The parties then withdrew for separate conferences.

Upon resumption of joint discussion, a union representative proposed to the management that the 14 to 18 remaining issues be submitted to arbitration. Upon the refusal of the management to accept this proposal, the union representatives called a union meeting on the night of February 12, at which the members voted to strike. Representatives of management waited to be informed of membership action. At 1:22 A.M. on February 13, union officials brought notification of the strike vote to the Crown Point refinery and the meeting proceeded, with the following in attendance:

For the Union

Woody Davis, Local President and Chairman of Negotiating Committee
Joseph C. Arnold, Secretary-Treasurer and full-time local union official
Burton Chadwick, Robert Marsh, Price E. Bennett, Albert Hill } Members of the Negotiating Committee
Elmer Smith, Chairman, Strike Committee
Also, eight members of the strike committee and three regional representatives of the union.

For the Crown Point Refinery

George Metcalf, General Manager
Michael C. Flynn, Director of Industrial Relations

Edward Peters, Assistant Director of Industrial Relations
Donald W. Turner, Assistant Superintendent
Paul C. Parsons, Production Manager
Adam Jeffreys, Assistant Production Manager
Charles Raymond, Manager of Industrial Relations, and other representatives from New York headquarters and the legal staff.

Excerpts from the stenographic transcript follow:

Davis (u): Mr. Metcalf, we have come out to plan an orderly shutdown.

Metcalf (m): If you will talk a little louder, it will be better. The cat cracker [1] makes such a terrible noise.

Davis (u): I say we have come to plan an orderly shutdown with management.

Metcalf (m): Mr. Parsons has the plan of procedure that we would like to follow.

Parsons (m): Well, we must be careful to hold our steam load, so we plan at the refinery on shutting the Dubbs units down first. The flashers will be the first ones and then Dubbs 9, followed by the reformers. Shortly thereafter the topping plant will come down, to be followed by the other operations. After we get this side of the road shut down so that we don't lose our steam load, we plan on shutting down the cat cracker. The treating department will have to go on, of course, as long as the cat cracker is producing, but just as soon as the products stop coming over, the treaters will be shut down. On about the third shift we ought to clear up this side of the road so that the operating people, with the exception of the boilerhouse and treaters, and most of the maintenance personnel can be released. To get the alkylation plant completely shut down will take a total of about 24 hours. Then it will take about 48 hours to get the cat cracker shut down from the time we start, and we will want some maintenance men to take care of leaks that might develop.

Davis (u): We have asked all the crews to stand by to be used as needed.

Metcalf (m): We appreciate those instructions to the men, and our thought is to use them only as long as needed to get the units in shape for the standby after the shutdown.

Arnold (u): We are vitally interested in that and we don't want any friction or anything not orderly.

Parsons (m): We might discuss here whether we keep the men on for the full eight-hour shift or release them as they are finished so everybody understands which way we are going to do it. It is immaterial to us.

Metcalf (m): Using them for part of a shift, we would probably need them for the entire eight hours.

Arnold (u): That's right. You would want to be sure that everything was done.

Davis (u): Are you going to notify the men through the supervisors?

[1] Abbreviated name for catalytic cracker in which crude oil is refined into various products.

Parsons (m): Oh, yes. All department managers and assistants will be out on the line during the shutdown, instructing the men as to the units which come down first and how fast they should bring them down. There shouldn't be any misunderstanding on that.

Davis (u): Is there anything further, Mr. Metcalf?

Parsons (m): I have one question. Is it your feeling that the men will not work more than eight hours if a marginal half hour would be required to complete the job?

Davis (u): I'm afraid I didn't hear that over the cat cracker.

Parsons (m): Assume that when we are approaching the end of the shift, we had another hour to go. Is it your intention that another group shall be called in for that hour or that the men on the job shall complete the job?

Davis (u): Mr. Parsons, I think that that should be governed by the rule of reason on the amount of time involved. Have you made any plans about continuing construction of the new plant?

Metcalf (m): Mr. Foley informed me he was dealing with Mr. . . .

Arnold (u): Nichols—the building trades.

Metcalf (m): Nichols, yes. And I asked Mr. Foley to continue to handle that deal. I naturally would like to see all construction go on because it will create more jobs later on.

Parsons (m): I think the interest of keeping Pilgrim competitive is mutual because it is a unit which your people are going to run; so we are very anxious about the northwest property, which, although it does lie on the west side of the road, does not lie in the operating area.

Arnold (u): Well, of course, when it appeared this afternoon that it might come to this now, we discussed it with the A. F. of L. building trades. They say they have some mechanics they can't make work behind a picket line. However, where no picket line affects them they don't think they will have any trouble with the membership.

Metcalf (m): I gather from that, Joe, that you don't intend to put pickets up at the road that comes in by the baseball diamond?

Arnold (u): No, sir. Of course, that is the present status. The A. F. of L. will work with us on a twenty-four hour basis.

Chadwick (u): You will be shutting the Hollis pipeline down, Mr. Metcalf? [1]

Metcalf (m): The Hollis pipeline will be shut down. But the crude oil lines will continue to operate until we get the tanks filled up.

Arnold (u): There is another question. A lot of the engineering departments have tools and things in here and all they will have to do is approach the gate and get clearance to get those without any difficulty?

Metcalf (m): Oh, yes. They will be permitted to take their personal tools out.

Arnold (u): As we understand it on the shutdown now, it probably will range between thirty to thirty-six hours.

[1] Mr. Chadwick elaborated upon a "misunderstanding" that delayed shutdown of the Hollis pipeline for some days during a strike in 1945.

Metcalf (m): Maximum of forty-eight, Joe. It may take a shorter time, but a maximum of forty-eight because of the cat cracker.

Arnold (u): I see. Maximum forty-eight. If that completes the temporary arrangements, we want to ask will there be a request for any crews after you are totally down?

Metcalf (m): No. It is our idea to set up crews to take care of emergencies that might arise. The biggest emergency that we could anticipate would be a direct hit by lightning on a tank or something like that; and, of course, we will have staff members operate that part of the boilerhouse generator necessary to provide steam and electricity for lighting and for running water pumps to fight fires with.

Arnold (u): Then, as you anticipate it now, there won't be any request for any of the crews in the appropriate unit?

Metcalf (m): No. That is our intent now.

Arnold (u): The membership feels that, if the management is going to reserve to itself key positions for fire and safety and so on, that the number of people who pass in and out should necessarily be limited. We feel that emergency crews would be the answer. However, management has made a different decision. There will not be any question on plant managers, their assistants, and department heads going back and forth. On any others, the membership feels that they will go and come, if they do, through the picket line without the clearance or goodwill of the organization. Now, that instruction was given to the committee when we left and it was unanimous. That was the procedure used in 1937 when we had another dispute. We felt you should know the membership had taken that action. After all, they are your employees.

Metcalf (m): All of you present remember the difficulties that arose in 1945 with the emergency crews that we requested to stay in. With that experience behind us, we thought that we wouldn't attempt that again. It embarrassed you fellows and it embarrassed the men themselves. It created a lot of controversy, even went to arbitration. So we felt we would use our own men during the shutdown. It is difficult for me to understand why your membership would take a sort of discriminating position with respect to the men in those assignments. As I understand it, you are saying that the top staff members could come and go as they pleased. But those in the other staff positions to whom we assigned jobs couldn't come and go with the goodwill of the membership and the pickets. Why take that position?

Arnold (u): Because the management apparently is increasing the number of employees in the plant during shutdowns. There was immense friction and widespread hard feeling during the last shutdown—and the officers tried to explain that that was a friendly dispute—because office force and everyone else went back and forth.

Metcalf (m): Of course, we reduced the number considerably by transferring a great many of them in town—precisely because we didn't think it well to have too many people coming and going. We thought we would confine it to those needed for all emergencies. Now, it is difficult for me to

understand why a certain number of those individuals can come and go and the other group cannot. They aren't doing operating jobs.

Arnold (u): We understand that. But you have to be a union man, Mr. Metcalf, to understand how they feel. They are out, and they aren't going to have any income. They want the company's property protected. In fact, they will throw down a picket sign to go in to protect any part of the plant at any time. They always have. There was no fracas except unfortunately in 1937 when some of those who stayed in threw beer bottles out at the pickets. We finally got the authorities to stop that. We had to get the authorities to do it, though. And some of the boys haven't forgotten that, unfortunately.

Now there they are on the picket line, off salary, and they feel you shouldn't have any hesitancy in walking out to a picket and saying, "I need some help," anytime you want it, or get service from the hall. When a man stands on his principles and makes that sacrifice, he can't feel too kindly toward those who are doing all right and drawing their pay whether they are actually needed or not—especially when he recalls how in the past some of them—I don't say as a group, but as individuals—have made light of the fact that the union members were picketing in all sorts of weather, and having to lose pay as well, in carrying out a strike.

Right now, moreover, the membership feels so strongly on this because they can't understand why the shutdown is necessary at all. They can't understand management's position in this dispute. There is a lot of progress in labor relations in the oil industry of this area and there are now very few plants that aren't under a contract with the union. The other plants are negotiating, and many of the things that we are apart on have been in contracts for years in the other companies in the area. When the members took this action, it was reluctantly. It wasn't hasty. It wasn't vindictive. Each fellow feels like he is forced to fight for his working conditions, while someone else is able to go back and forth and have his income continue without any trouble. Naturally, he can't feel happy about that sort of thing.

Metcalf (m): Perhaps he doesn't, but what right has he to interfere with that other fellow coming and going to his job that is still available? I have 767 men here who are in the nonbargaining group. I am going to use 247 for the various assignments. Now, those men aren't in on this strike, and the jobs that we have for them all along and still have for them are available. It seems to me that they have an individual right, too. Now, your members have decided that they have an individual right. They have decided to strike. These other men haven't struck. So I don't feel that your men have any right to interfere.

I don't think either that it would be right for me to have the whole 767 coming and going. We have made other arrangements for the remainder so that we only have those necessary to protect the company's interests. Now, whether you fellows agree with the number that I have chosen or not, the fact still remains that it is my responsibility and I have decided that that is the number we should have. I would be extremely derelict in my duty if I

would agree with you that part of this group would have to be locked in while others would be permitted to come and go. I just can't see it, Joe.

Arnold (u): Well, I am sure you can't because you are manager of the plant. If you worked out there you would understand better. Since we are still on the record, you said "interfere." We don't say "interfere." We said "goodwill."

Metcalf (m): Well, I will retract the "interfere." You did say "goodwill."

Arnold (u): If any of those people belonged to a union, then they wouldn't feel any obligation to remain in except for absolute emergency needs. Unfortunately, they don't belong to a union, so they feel that if the management says they should be here, their only recourse is to be here.

Metcalf (m): Well, what other objections are you going to raise if I take the position that all of them are to come and go freely on the shifts that I assign them on?

Arnold (u): The only position that we can take would be that they are hurting themselves. If the management wanted a stipulated number of people here regularly, or a stand-by arrangement for emergency, and worked that out with us, that would be one thing. But even though management ofttimes doesn't think of it in those terms, these fellows feel like these jobs out there are theirs just as strong and tight as property belonging to the management. Some of them have over twenty years. That is a big investment, and they can't take it lightly.

Metcalf (m): Yes. I don't deny that. I have about thirty-one years, and being management's representative, I think seriously about the general protection and safety of the millions of dollars' worth of equipment that we have. I am not trying to exaggerate what that responsibility is. I have endeavored to be fair. No outside individual, I think, would disagree with that. I would like to mention one other problem that we have in that respect and that is the people living in the staff houses.

Arnold (u): Yes, sir.

Metcalf (m): Now, I presume you won't take issue with me when I say that those people, while they are living in company houses, are living in their own homes that they rent. So they will have a right to come and go as they please with the goodwill of your people.

Arnold (u): That was understood and, in fact, was approved by motion.

Metcalf (m): Of course, that also includes the children going to and from school.

Arnold (u): Definitely.

Metcalf (m): Now, at the start we will have some clerical help coming and going to take care of the hourly payroll.

Arnold (u): In other words, the pay procedure will continue and be completed, and you will need people for that.

Regardless of the fact that we don't seem to be together on a portion of the planning, there is one thing that is important. Whether it is an individual or a bus going in, if they will just slow down a little bit instead of

giving us dust in the teeth when we are carrying the picket signs, it will help. We would just like to know what you are sending in.

Metcalf (m): We will be glad to give you that, and I might say this: I will be responsible for the actions of the people on my side and I assure you I have already mentioned to them that I want them to conduct themselves properly. I don't want them to get into any verbal or any type of clashes with the pickets. I don't want them to kick dust up in their faces or be discourteous in any way. There is no necessity for it. And I, of course, expect you fellows to be responsible for the acts of your people.

Arnold (u): We would like to know of any irregularity. We aren't going to tolerate drinking on the picket line. We aren't going to tolerate any improper acts. Just as we call you if there is anything that isn't proper, we would like for you to call us, and Elmer Smith is going to have the worry of the discipline of the pickets. He is the vice president of the Pilgrim group and is chairman of the strike committee.

Metcalf (m): Does that mean if I have any points to take up with your group that I will contact Smith?

Arnold (u): Yes, sir.

Metcalf (m): I intend to be here to handle those things. In my absence, of course, Mr. Parsons will handle them. May I ask at this stage: When do you plan to put up your pickets?

Arnold (u): We had thought that it would be sometime between now and morning, probably 6 or 7 o'clock, something like that.

Metcalf (m): You intend to put your pickets up even before we get the refinery shut down entirely?

Arnold (u): It hasn't been definitely decided yet, but it is felt we should have the pickets in position mainly for observation in the shutting down.

Metcalf (m): Also, do you intend to have pickets on other stations besides the one here at the main entrance?

Arnold (u): The main entrance, the rear gate, the dock gate, and the railroad right of way. The membership has given the committee authority, *if* the management is inclined to work it out, to clear construction material that may be coming in the railroad right of way. If not, then we will just be forced to picket.

Metcalf (m): I don't quite follow you there, with respect to the management's inclination.

Arnold (u): Well, if the management orders cars kicked in there without regard to what is in them, it leaves us no alternative but to picket the right of way. And, of course, so far the Railroad Brotherhoods haven't broken a picket line. We would like to clear, if we can, anything that is not detrimental to our interests.

Metcalf (m): What do you consider detrimental to your interests?

Arnold (u): Well, making it comfortable for some people that will be drawing pay while we aren't, if you know what I mean. If it is construction material, that is another matter. Products or anything of comfort for those sitting inside or passing back and forth—well, I mean you asked the ques-

tion. We are being very frank. We are out there on the picket lines. We don't feel we should pass anything to prolong the strike itself and make it comfortable for someone who has been in the plant.

Metcalf (m): Of course, the men I have chosen to guard the plant will be out there night and day, too, Joe, guarding the plant that you have chosen to shut down.

Arnold (u): I know that. Unfortunately, we are having to fight for them, too.

Metcalf (m): You say you have your responsibility to your men. I have my responsibility to my men.

Arnold (u): Surely. We appreciate that.

Metcalf (m): And I intend to fulfill the responsibility to the the fullest.

Arnold (u): Right.

Metcalf (m): I am not threatening by making such a statement.

Arnold (u): No, no.

Metcalf (m): It is a plain statement of facts.

Arnold (u): I think you see now what I meant when I said that if we can't reach an understanding on what comes in by rail, then we will just picket.

Metcalf (m): I hope in our disagreements we don't have any trouble as time goes on.

Chadwick (u): On that, what Joe is trying to say, Mr. Metcalf—has said, I mean—is this, that he would propose when cars are to be pushed into this refinery, if it is construction material, the union has no disposition other than to clear it.

Metcalf (m): That was the way the situation was in 1945.

Chadwick (u): Yes. But, when it comes to cars with material that would be detrimental to this shutdown, then that would be another matter. If we can work out an understanding, then most of it is going to be cleared. Otherwise our picket line would be established. That is the only trouble that you would be running into. No clashes at all. Just no traffic if we didn't come to an agreement.

Metcalf (m): You will picket on the railroad right of way?

Chadwick (u): Somewhere where the county road crosses it. If we just tell the Brotherhood that there is an invisible picket sign up there, we don't have to carry it.

Arnold (u): Well, I believe that is all we have now, Mr. Metcalf, unless management has something else.

Metcalf (m): Is it your thought that as soon as we leave this meeting you wish for the plant to shut down?

Arnold (u): That was one of the last questions we were going to ask you, with a little preface to it. We repeat that we see no reason why we can't settle this dispute. We repeat again that if we can't negotiate it out, we think we should arbitrate. But if management feels the same as they did when we were in conference, then it leaves us no alternative but to ask you if you will begin the shutdowns as soon as the committee leaves.

Metcalf (m): Yes.

Chadwick (u): You wouldn't even let Paul Parsons arbitrate.

Metcalf (m): I beg your pardon, Burt.

Chadwick (u): You wouldn't even let Mr. Parsons arbitrate it, would you? [Laughter.]

Metcalf (m): I am afraid I wouldn't let myself arbitrate it.

Arnold (u): We hope the company won't attempt to make transfers or dispositions of products after we shut down, because we are going to make all the contacts we can to let it be known we have a dispute here.

Metcalf (m): It is not our intention to, but did you understand me when I said that the crude oil pipe lines would continue to run crude in here until we filled the space that we have in the storage tanks? The reason for that is very obvious—that you can't stop an oil well quickly.

Arnold (u): Well, what is the estimated amount of time on that?

Metcalf (m): About thirteen days.

Arnold (u): I am afraid we have hit a snag.

Chadwick (u): Who operates those tanks over there?

Metcalf (m): The pipe line.

Chadwick (u): Those are pipe line tanks and pipe line gauges?

Metcalf (m): That is right.

Arnold (u): Well, we hope that you won't do it, Mr. Metcalf. All we can do is request those who are making that transfer not to make it. They may make it anyway, but we hope you won't do it after the forty-eight hour period.

Metcalf (m): I don't see what harm it would do, Joe, to continue to fill up. That crude would merely come into the tanks and rest there until the strike is over. It is not a product.

Arnold (u): I know, Mr. Metcalf, but if you don't put the crude in here, you will have to put it some place; and we hope you won't try to move it in here. It is natural for us to feel that way. It is going to inconvenience you, but we are going to be inconvenienced, too.

Metcalf (m): Well, I am afraid there is nothing else for the pipe line to do but to put the crude in, Joe. I am afraid it comes down to a conservation problem, conservation of crude oil, and I, for one, would be the last one to interfere with that at the moment.

Arnold (u): Well, I don't suppose we can dispose of that one, and the men are getting anxious, Mr. Metcalf. We would rather that we go ahead and start now so that it will be orderly. If we can't agree on that, why, we just can't agree.

Metcalf (m): Would you excuse me just a moment. Mr. Parsons has a point he wants to discuss.

[Messrs. Metcalf, Parsons, and Flynn, and the representatives of management from headquarters and the legal staff left the conference room.]

Metcalf (m): We have just had a discussion with respect to the railroad feature, and we feel that to clear material car by car is going to be quite a problem. For that reason we are willing to take the position that the mate-

rials that will come in will be construction materials and if we deviate from that, we would let you know twenty-four hours ahead of time.

Arnold (u): Well, that poses a problem for us, Mr. Metcalf. There could be a reshuffling of those cars, say, without your personal knowledge and it would appear to be bad faith on your part maybe when you were not aware of that situation happening.

Metcalf (m): It doesn't worry me a bit, Joe, because I believe I am going to be aware of most everything that goes on.

Arnold (u): Suppose we have a chance to go into that fully ourselves, say during the day tomorrow.

Metcalf (m): But there will be materials coming and going in the meantime. I mean coming. Materials going, no. There will be no products.

Arnold (u): Surely. We understand that. All right, sir. I believe that is all we have, then.

Metcalf (m): All right. Then we will start up the machinery to immediately start shutting down.

[The conference was adjourned at 2:55 A.M.]

Discussion Questions

1. Outline in detail the plan of shutdown prepared by the management. Evaluate the plan for its comprehensiveness. List the concerns of each side regarding the period of shutdown as indicated in discussions of this plan; what would you name as mutual concerns, and what as concerns particular to each?

2. What would you say is the strategic value of such a plan of shutdown from the viewpoint of (*a*) protection of property; (*b*) effect on negotiations; (*c*) effect on continuing relationships?

3. Outline and evaluate picketing arrangements, again from viewpoint of (*a*) protection of property; (*b*) conduct of strike; (*c*) effect on continuing relationships.

4. Evaluate Mr. Metcalf's handling of this conference from viewpoint of (*a*) immediate emergency of imminent strikes; (*b*) attempt of union to resume negotiations; (*c*) continuing relationships.

5. What insights do you get as to the relationship between company and union prior to this negotiation and strike?

6. Outline and evaluate the behavior of Messrs. Arnold, Davis, and Chadwick as the chief union spokesmen in the conference.

7. What sentiments are expressed in this case—explicit and implicit—as to status, rights, privileges of stockholders, management, supervisors, unions, and employees?

PILGRIM OIL COMPANY (B)

NEGOTIATIONS DURING A STRIKE

INTRODUCTION

After the strike at the Crown Point Refinery had run 5 days, the parties convened again at the request of the union. Messrs. Metcalf, Flynn, and Butler represented management. Conciliator Parkman also participated. In addition to the union negotiating committee composed of Messrs. Davis, Arnold, Chadwick, Marsh, Bennett, and Hill, and Regional Representatives Kenny and Warren, a considerable number of union members were present as spectators.

Excerpts follow from the stenographic transcript.

FROM THE SESSIONS OF FEBRUARY 18

MORNING SESSION

Conciliator: This conference was arranged, as I understand it, by consultation between the company and the union. I am here to give any assistance possible.

Arnold (u): We shouldn't have any trouble in settling the dispute if the difficulty is as voiced by management. A number of responsible staff members have made the statement that it would be no problem at all to settle the dispute if Arnold were out of the way. With that in mind, I am prepared to resign if the management is prepared to grant these issues proposed by the organization. But if management wasn't in good faith, we think it will clear up quite a lot here.

Flynn (m): I don't know to whom Mr. Arnold is referring. We have never made a proposal sub rosa or otherwise that we were agreeable to the union demands on the basis of Arnold's resignation. We reached the end of our negotiations because the remaining items were of a nature that we weren't in position to grant. I am afraid that would have to be our position whether Arnold stayed or left the organization.

Arnold (u): Well, that is unfortunate, Mr. Flynn, because we definitely know the persons who made the statements. We had hoped that management meant it because we would like to settle this dispute.

Since there is quite a bit of discussion among the supervisory group that are just outside the bargaining unit—and we are pretty well posted—we will make another proposal: We believe that we can settle this dispute if the management committee is prepared to let Mr. Ellis (New York headquarters) and Mr. Metcalf take the lead.

Flynn (m): As I said, it is not a question of personalities, on our side. I don't know whether it is from your side. Mr. Ellis and Mr. Metcalf have been in on every decision we have made. Both of them will say they are in agreement with the position we have taken.

I would like to say this: Mr. Arnold is referring to statements that are coming to him. I am not disputing that such statements are coming to him. I don't mind saying that I have had people tell me the same thing: If Arnold weren't here, it would be easier to reach an agreement. I don't mind saying also that our people in the plant have heard from the outside that if both of us were out, that negotiations would proceed smoothly, you [addressing Arnold] and myself.

Chadwick (u): Are you making that as a suggestion?

Flynn (m): No, I turned down both suggestions a little while ago. Regardless of personalities, we are talking about a final request from the union that we just aren't in position to grant.

Arnold (u): Management proposed in this negotiation to take out of the contract twenty-two things. Our experience with other companies is that they don't line up twenty-two points to take out. They line up three or four that may be bothersome to them.

Now, another thing is—I don't know whether management is aware of it or not—we have arbitrated forty-some cases. The aggregate arbitrations of those six companies we compare within this area haven't yet reached that number, meaning that they must do a lot of bargaining short of arbitration. Those are relationships of two or three years, while our relationship here has been about fourteen or fifteen years. I wanted to mention that before we went into the actual issues themselves.

Flynn (m): I am glad you did, because I think it does have some significance in connection with our relationship. You say we have made twenty-two requests for contract changes. That is true. Of course, the union made some forty-seven requests. I don't know how you bargain with other people; I don't know whether it is a practice to sign contracts with which everybody seems to be happy, yet on their expiration make demands for wholesale changes. At the end of our negotiations in 1941, we signed a contract that the union committee said was very satisfactory—one member of your committee said he was so well satisfied with the provisions that he was going to start buying Pilgrim gasoline. But in less than a year we had some forty issues up for negotiation in 1942.

In 1946 we were again presented, before we made our offer, with some forty contract changes. This year the union started with forty-seven. Now, if that is the way we are to receive requests for renewal of a contract, I can't see anything but protracted negotiations. That is asking a whole lot, and frankly, it is not something we can continue to grant from year to year.

I haven't counted the number of arbitration cases, but if we are going to arbitrate anybody's grievance on the theory that there is nothing to lose and there is always a chance the average arbitrator will try to find some middle ground, that is something we can't control. When we don't feel that the request is justified, we are going to have to resist it even though it means arbitration.

We have bargaining relationships under some sixty contracts in the United States. And we have more trouble negotiating a contract in Crown Point,

we have more trouble administering a contract in Crown Point, we have more arbitration cases here in Crown Point, than anywhere else in the country. Now, I don't think that policies within one company are going to vary that much from one location to another. It still is the same company, the same top management, the same outfit who ultimately pays the bill on anything we agree on.

Arnold (u): In our local union we have four other contracts. In two of them, most of these issues have been settled for a year or two. In three of them, relationships now, even in two or three years, have developed to the point that grievances are settled by telephone without even being put in writing. With us, too, these are the same people and the same local union with which you say Pilgrim has such trouble.

Davis (u): You say we take up any grievance without any justification and arbitrate it. First, I would like to point out that we have won our share of the arbitrations; and, if there wasn't any justification, I don't understand how we would have won our share of them.

Indeed, I would like to recall to you that in one arbitration case the company knew we were right and yet they forced us to take it up. Management agreed that the wording of the contract was in line with what we were really contending. But they said, "You will have to arbitrate it," and the arbitrator ruled in our favor. Why you wouldn't settle that case instead of forcing it to arbitration is something I haven't been able to understand.

Flynn (m): Of course, I did my best at that time to explain why we arbitrated that case.[1] Our position was that by choosing words, by just looking at words, you could make a case; but going back to the spirit of the negotiation, you didn't have a case. Too often there are attempts to seize on a technicality of wording to gain something through arbitration that was not questioned in negotiations. We told you before one of the arbitrators that, by the wording of your own organization's booklet, you are instructed to go through a contract with a fine tooth comb and find language that will apply. So long as that is the attitude, we can reasonably expect grievances to arise and go to arbitration. We feel that the place to get a concession is in negotiations and . . .

Chadwick (u): You made a statement I would like to have you repeat for my benefit, if not for anybody else's. Did you say that you ran across a book of instruction in our organization wherein people were instructed to go through the contract with a fine tooth comb?

Flynn (m): Yes.

Chadwick (u): And find places where they could make grievances?

Flynn (m): Where they could find some language under which the griev-

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[1] The arbitrator held that by the literal language of the contract overtime was payable for the first day worked on a changed schedule. The contract stipulated *the first day worked;* did that mean the first day *scheduled and* worked? The aggrieved was absent for his own reasons (union business) on the first day he was scheduled for a new shift; he came back 3 days later and demanded overtime for the first day worked on his newly scheduled shift.

ance could be processed. It is a booklet put out by your international: *How to Win with the Union.*

Chadwick (u): I am fully acquainted and most of the rest of the people here are acquainted with that booklet. It is a book of instructions on how to proceed with grievances under a contract. It does advise people that, before they make a grievance, they familiarize themselves with the wording of the contract so that they will know whether they have a grievance. There is no book of instructions that does, or was intended to, cause people to make grievances on the technicality of wording which are not founded in principle. I think that probably we will want to read that book into the record before this is over to show exactly what was intended and what it says.

Flynn (m): I don't want to belabor the point. However, it does contain some very unfortunate language that the idea is to win the grievance somehow. However, that is a little bit away from the negotiation of this contract.

Chadwick (u): I don't think it is a side conversation since you made that statement before all this group.

But we sure as hell don't teach people any such practice. We don't deny that sometimes our members have brought grievances that weren't well founded. We don't deny that sometimes we have made mistakes and have processed grievances which we later ourselves have concluded maybe we shouldn't have handled. We have also had the company admit to us that they had taken the wrong stand on things. But we certainly don't want the impression to get started that this union teaches its members to make grievances just for the sake of making grievances.

Conciliator: May I ask this question? Some reference was made to forty arbitrations. Was that during the whole period of your relationships? In fourteen or fifteen years?

Arnold (u): Yes.

Davis (u): Well, Mr. Flynn, if we are through discussing that, we would like to start off on these issues.

Flynn (m): Fine.

Davis (u): We would like to see if there is any middle ground which we can give to get together. I will go down the list here and show you clearly which ones we think, we know, rather, are the practice in the area.

[Mr. Davis thereupon reviewed the fourteen to eighteen—the figure differed according to the manner of grouping related items—issues still remaining in dispute between the parties. His review concluded the morning sessions.]

AFTERNOON SESSION

Chadwick (u): Mr. Flynn, we also [1] wanted to discuss that speech you made to the gallery about this little book that we put out.

[1] At the opening of the session, Mr. Davis reported to Mr. Metcalf complaints from union pickets on the excessive speed at which cars had been driving into and out of the plant. Mr. Metcalf replied that he had noticed this and had instructed the company guards to keep the gates "down," so that cars would have to stop. He urged the union to let him know of any further complaints.

Flynn (m): You want to do that now or after I complete my answer to Davis' review of area practice on the outstanding issues?

Chadwick (u): Well, we would rather wait until after your answer.

Flynn (m): At the morning session considerable time was spent in discussing area practice. When we consider the competitive industry we have always spoken of the six refineries of the major companies in this area. Five of them have contracts with your union. What I will have to say will be restricted to those companies. They are the big plants and the big companies, so if there is any such thing as a pattern, they would be a representative group.

In the negotiations and in the press, considerable space has been devoted to the fact that Pilgrim is out of line with industry practice. I think it is important that we state our position with respect to that phase of the controversy. It is difficult for us to understand such a charge. Maybe we haven't done a very good selling job in acquainting our people with what they have received over a long period of time in benefits.

To start off with, our savings fund enables a man to invest 10% of his money and double that investment through company contributions plus interest; it enables him to lay up a nest egg that I don't think is touched anywhere in any industry. Our pension plan is one of the few in the oil industry at no cost to employees. Most plans have some contribution from the employee. On vacations, we are the *only* one with two weeks' vacation with pay for one year of service.

Holidays: we have agreed in this negotiation to four paid holidays if an employee is scheduled to work but is not used. Those same holidays are paid at double time if the employee works. Of course, on two additional holidays we pay time and one-half for hours worked. It is a benefit that our employees would be receiving were this contract signed and were they at work. One company has six paid holidays and another has four. But in both of those companies, employees who work receive time and a half instead of double time. Another company pays straight time on three holidays scheduled and double time for hours worked. Still another pays straight time on two holidays scheduled and double time if worked. The remaining company has no paid holidays as such, and pays time and one-half for work done on six holidays.

In these negotiations we have agreed to allow an employee time off with pay in case of death in the immediate family. Among the other five companies only one has such a provision.

We pay time and a half for hours worked on the sixth day worked, double time for hours worked in the seventh day worked. Only one other company has this same provision.

Pilgrim pays time and a half for all hours worked on the first day of a changed schedule, with limited exceptions. Of the five other companies, only one has a similar provision except that their provision does not apply if the schedule change is due to vacation relief.

Now then, we have some clauses not in the category of employee benefits

particularly, but restrictive clauses from the company's standpoint. I think we are the only company in the area that doesn't have some type of probationary period for new employees. We had proposed a probationary period; but in an attempt to reach a settlement, we have dropped our request.

Now to get to issues still in dispute: first is the composition of the Workmen's Committee and your request that union officers who aren't Pilgrim employees be permitted to attend regular grievance meetings. All of the contracts of these five companies dealing with your union provide that committeemen be member employees. None of them provides for attendance of nonemployee union officers.

Chadwick (u): Mr. Flynn, we know that no contract has that provision in it. But no other company raises any question if any officer is requested by the committee to attend. Ever since we have had our relationship here, we have had to secure permission each time for each individual officer to attend.

Flynn (m): I think that is correct, Burt.

Chadwick (u): And the only reason that we have asked to include this is that their contracts read the same as yours, but your practice is different.

Flynn (m): You are asking us to contract that right to you and I am saying that I have analyzed the contracts and given you my best information based on that analysis.

Chadwick (u): Would you be willing to state here that you will practice the same thing that they do, if we withdraw our request for writing it into the contract?

Flynn (m): You mean without restriction?

Chadwick (u): Any time the committee requests the presence of officers—as is the practice in other companies.

Flynn (m): I wouldn't be willing.

The next subject is committee pay. We have had no hesitancy in indicating to you that other companies did pay some negotiating pay. However, we go further than any other company in paying for attendance at grievance meetings. We do pay also for time lost the first day of a negotiating meeting called by the company.

On the wage reopening, we feel that at the time of entering into a contract the union should join the company in guaranteeing that those wages remain effective for the period of the agreement. The union, however, has proposed that they could open wages and strike the plants if no agreement was reached. As to area practice, two companies have no wage reopening. Two companies have contracts providing for wage reopening, and one agrees that wages shall be discussed six months after the signing of the agreement.

The next subject is check-off. In two contracts no provision is made for check-off. Two companies have a voluntary revocable check-off. And one has a voluntary, irrevocable check-off, which was the request of the union.

Next is the subject of arbitration of qualifications for new plants. Of course, you can arbitrate the propriety of classifications. In all the other

companies of the area, management is given the right to determine job qualifications and classifications for new plants, and only in one does the general right of union protest up to and through arbitration set no specific exclusion for this type of controversy.

Next we come to arbitration of rates involving alleged intraplant or interplant inequities. With the exception of one company, no other agreement permits arbitration of such inequities.

Now, as to arbitration on rates based on changes in job content: Two companies have a contract provision—incidently, originally ordered by National War Labor Board directive—which does call for the arbitration of rates resulting from changes of job content. That particular directive has been an endless headache to one of these companies and, perhaps people on the other side of the table will agree, to the union as well.

One more general item—the general wage adjustment. We had information that there were wage settlements in effect in three companies: Amtex, of course; Rio, with whom your local has a contract; and Alstate. Our final offer before the strike is as good or better than any of these settlements.

That just about covers the matter of area practice. It should be sufficient to point out that there is no such thing as an area practice. No two contracts are identical; each company does the best job of negotiating that they can on specific items. In other words, we have to look at the entire picture when we decide if we can go along with a request to add still another encumbrance in the contract. We are proud that we do for our employees as much or more than most other companies do. We want it to be that way. Employees of our plant are, after all, members of the Pilgrim organization. All of you know a good many of these policies have been extended without any request on the part of the union at all. But we just don't feel that we are under an obligation to meet the best conditions that can be selected here and there from other people's contracts.

I think it is your duty to weigh very carefully what we do for our employees as against what other people do for their employees. I don't believe that you will come up with an answer that we are stingy, that we are trying to chisel on what is commonly done.

Conciliator: Are there any other points of comparison the union would like to explore?

Arnold (u): We would like to make some comments at this time. First, there is only one plant in the area where the bargaining agency was won by the union earlier than at Pilgrim. That is Amtex. Some of the companies being compared have as low as three years of contractual relations. Practically none of the companies like to pioneer on more than one or two things at a time. When you weigh a three-year relationship and its accomplishment against 14 years, it gives you an idea of why some of the other contracts may not have yet been brought up to the standards of others.

[Mr. Arnold thereupon answered at some length Mr. Flynn's survey of comparative area conditions. He pointed out the union had withdrawn its

requests for liberalized sick-leave benefits and vacations and that liberalized holiday provisions granted during the negotiations were "a little light" in view of "potentialities" in other negotiations under way. With regard to such matters as "funeral allowances," composition of and pay for workmen's committees, and qualifications for new plants, he urged that explicit contract provisions did not tell the whole story since customary practice on these matters generally supported the union's position. Again, regarding provisions on probationary period, overtime rates, wage adjustments, etc., the evidence from other companies had to be set against their complete policies on these matters. Finally he insisted that every major company in the area but Pilgrim "had either a voluntary revocable or a voluntary irrevocable check-off."]

Davis (u): Well, Mr. Parkman, if Mr. Flynn doesn't have anything else, may we get our committeemen straightened out on this booklet about handling grievances?

Chadwick (u): What page of this book were you quoting from this morning?

Flynn (m): On page thirty.

Naturally, the steward should always be ready to give a union member the benefit of the doubt on all borderline cases.

The steward's greatest difficulty will come on grievances which do not appear to be covered by the terms of the contract. . . . In such a situation, the steward, or plant committeeman, goes through his contract with a fine-tooth comb to find some provision which will cover this particular situation. . . . In practically all cases where a worker has a legitimate complaint it will be possible to find some clause of the contract which, with a little pulling and hauling, can be made to cover the situation. Lawyers have been able to use a Constitution written over one-hundred fifty years ago to cover the complex issues of modern life. A bright steward should be able to do just about as well with his contract.

Now, I am not purporting to say what is meant by that. I say this: I think it is unfortunate language and unfortunate advice that we feel has been followed in a lot of grievances.

Chadwick (u): To begin with, I am sure that you read what went before that page.

Flynn (m): Yes.

Chadwick (u): But you didn't quote it this morning.

Flynn (m): No.

Chadwick (u): But the people who were listening to you this morning may not have read all the things in this book like this:

Don't give your foreman reason to believe that you are trying to bluff him. A reputation for honesty and good judgment is essential to your success in collective bargaining.

Then further,

No grievance should be made an issue between the union and management before complete information concerning the case is available to union negotiators. Too often, good union people have pounded the table, threatened drastic action

on a grievance—only to find that their picture of the situation was incomplete or inaccurate. And management has always been quick to swing the axe when the union's neck is stuck out.

[Laughter.]

On page twenty-eight:

If you are not sure you have a full picture of the situation, take things easy until you hear the foreman's side of the case. For instance, one of the men in your department comes to you with the complaint that he has been transferred to a new job and had his rate cut 10 cents per hour. . . .

You may find from the foreman that the man was demoted because there was no work on his old job and that he is being paid the proper rate on his new job. If that is true, then you have no reason to take action. There is no grievance.

Now, we are reading these to show you that the union is advising people not to take up unfounded grievances.

Flynn (m): Keep reading on that page.

Chadwick (u):

It should be remembered, of course, that where there is conflict of testimony—your man saying one thing, the foreman the opposite—the testimony of your man should be accepted as correct. A steward's job is to represent his man, not act as an impartial arbitrator.

All right. Many times we have told you that as long as there is any doubt as to whether the man had a grievance, we were bound to push it until you proved to us that he didn't have, and we will always do that.

Further, on page twenty-nine:

Obviously, when a complaint is not founded on facts, the steward is making a dangerous mistake in trying to make a grievance out of it. By so doing he damages the union's position both with the union membership and plant management. The workers are led to expect results when none could possibly be obtained, and the union's reliability is discredited with management.

As to the practice of pulling and hauling to see if something is or isn't covered, I would guess that might have been written by men who worked with Pilgrim about nine years ago, [laughter] when that practice was invented by your top executive in charge of the refinery before Mr. Metcalf came on the job. [Laughter.] You, Mr. Flynn, had to carry it out for him.

We aren't going to deny that we have people every now and then who try to pull and haul. We have a problem trying to correct it. But you have got foremen who react to every grievance as if it is a personal affront to their integrity and good intentions. And they start looking through the contract, combing it with that fine-tooth comb, and pulling it and hauling it, to see if they can't get a hole big enough to get out through. Taken over-all, we feel that this book has instructed stewards in good, sound union practices.

Flynn (m): All I was saying, Burt, was I think some of your boys read page thirty to the exclusion of page twenty-two . . .

Chadwick (u): We just wondered how you pulled it and hauled it to make that charge up. [Laughter.]

Marsh (u): I am beginning to believe that you gave some of the foremen page thirty and no more of the book. [Laughter.]

Conciliator: Well, gentlemen, I don't know how you desire to proceed here. You got that question, I presume, out of the way. [Laughter.]

Davis (u): Mr. Parkman, we would like a short recess.

[Brief recess.]

Davis (u): Mr. Flynn, we have got a couple of things here we want to throw out on the table for your consideration.

[The union thereupon advanced two compromise proposals on (1) the determination of qualifications for jobs in new plants, and (2) the accrual of seniority on temporary assignments. The union also asked fuller answer on its demands for automatic promotion in the engineering field and the furnishing of tools to machinists and carpenters. The conference was adjourned with the agreement that next morning consideration would be given to the proposals made during the current day's sessions.]

From the Sessions of February 19

[When the discussions opened, Mr. Arnold was not in attendance, and no "spectators" were present from the union membership. The union was represented by four local negotiators, participants from the start—Messrs. Davis, Chadwick, Marsh, and Hill—and Regional Representative Martin Kenny.]

Conciliator: Well, in our meeting yesterday the company, I believe, took under advisement three or four proposals or suggestions made by the union.

[Mr. Flynn reported on the company's inquiries into area practice on the four issues raised by the union. On none did area practice support the union's proposals, management concluded, while some of the proposals involved serious operating problems. Management accordingly was not disposed to accept any of these proposals. After this review and the exchanges upon it, the discussion continued as follows:]

Chadwick (u): In this letter which you mailed out to all employees yesterday, you say in the last paragraph:

> I want you to know also that we sincerely regret that this strike has taken place. It means hardship to you and your families and a substantial loss to the company. It is my hope that it can be amicably settled and that you can return to your jobs in the not too distant future.

Now, we likewise are desirous of settling this thing. We have come back after it seemed there wasn't much prospect of settling things and have changed our position on a number of issues. The company also has moved mainly on proposals they presented themselves, which were, as we see it, presented for trading purposes mostly—for the purpose of withdrawing them to make their position look better to all interested parties, including the employees. But we are down now to the essential factors; we have fourteen items re-

maining. [Mr. Chadwick then listed several of the "remaining items," all of which had been discussed by Mr. Flynn in the morning session of February 19.] In addition we have three wage items. One, adjustment to the area average of certain rates. Reclassification of eleven jobs; management has agreed to only three. And the position of laboratory rates for setting up six jobs and a clearer definition of laboratory job duties. The last three meetings have been consumed with the union changing its position to get something started. So far, we haven't seen the management even make the slightest move. So it looks like it is somebody else's move at this time.

Flynn (m): We did propose twenty-two items. The mere fact that six of them have been agreed to is some indication those were not hogwash. As to our right to put in counterproposals for trading purposes, you are no novice at collective bargaining. You have withdrawn a good many of those you put in.

[Mr. Flynn then reviewed the union's demands in terms of those that had been, during the negotiations, withdrawn, settled by agreement, or compromised.]

Flynn (m): Each union proposal on which agreement has been reached constitutes a concession that is very substantial. To be perfectly frank, under less serious circumstances than a threatened shutdown, a good many would probably not have been granted voluntarily. We made a lot of these concessions to avoid a test of economic strength. Last Wednesday night we made the final concessions we were in position to make; we made those concessions in the full knowledge that a strike vote had been taken and passed. We felt that it was the time to go just as far as we could possibly go to enable you to sign a contract. These concessions, in your view, weren't enough.

I will agree that since the strike we have been able to arrive at practically nothing that would bring us closer together. But that is why we went as far as we could before the strike. As to the union's having made additional concessions, I frankly can't agree that any substantial concession has been made. We are very sorry the strike happened. It happened in spite of anything we could do to avert it. However, I think that was very well explored before we went on the strike.

If it appears that we haven't given due consideration to anything you offered, I am sorry about it. We haven't taken lightly anything that you have mentioned in the way of proposed changes. We have looked at them very closely and, frankly, as far as we are concerned, we have reached the absolute end of our rope.

Chadwick (u): Well, in your letter and in your statements to the paper, you have gone into great detail to explain the fairness of all your proposals. Now, if you feel that can be backed up, why are you unwilling to submit them as we have requested to a tri-partite panel of three people, one chosen by you, one by us, and one or more by the two so selected? If what you read to this group yesterday about area practice can be backed up, you have nothing to fear. We only ask that the remaining differences between the parties be resolved in that manner. [Mr. Chadwick again affirmed the union's conviction of "fairness" in each of its present specific positions on issues re-

maining between the parties.] And if we had reached agreement on these other items, undoubtedly we could find a formula for settling the wage disputes. We are together on the 22 cents an hour. We are only 45 days apart on the retroactive application of the 22 cents an hour. Of course, we are far apart on the adjustment of the cost of living increase. We propose again that without delay we submit the outstanding proposals to arbitration and that the decision be final and binding.

Flynn (m): Well, Burt, we have said in the letter that we aren't opposed to the principle of arbitration. Once we have entered into an agreement, we are willing to go to arbitration for any disputes arising out of its application or interpretation. But what you are asking now is to allow a third party to tell us, the principals, what the terms and conditions of that bargaining should be. We aren't agreeable to that type of arbitration. The job of the arbitrator is to make his decisions on the contract; otherwise he has no standard by which to be guided except his own ideas. That is the reason why we have refused to substitute arbitration for the bargaining procedure.

Chadwick (u): The law gives us the right to bargain collectively with respect to hours of work, rates of pay, and working conditions in that plant. Although we don't own any of Pilgrim's stock, nevertheless, to the extent that the law gives us the right to bargain with respect to working conditions in the plant, we own a part of that house. That is why we think our differences as co-owners become a matter of equity and subject for arbitration.

Flynn (m): This company will never agree voluntarily to substitute arbitration for collective bargaining. You spoke a while ago about sticking some demands in for trading purposes. If the parties know arbitration lies ahead, you come into negotiations with twenty-four times as much as you expect to get from anybody. You simply enlarge your demands and let everything go to arbitration, hoping the arbitrator will "split the difference." I think anybody that lived through the war period observed what can happen through compulsory arbitration as a substitute for collective bargaining.

Don't forget that of all the issues that are left only one is our original request; the balance are all union requests. Anything further that you would get out of the arbitration panel would be concessions to you, not to us. We have given concession after concession. But the next time that we were to go to arbitration the picture might be different. The company might just sit tight on a bunch of our original issues, and I would venture to say that you would be the party in that case that wouldn't be so anxious to let some outsider come in and give us at least part of those things which you in your mind couldn't see any justification for us getting.

[After further discussion and efforts by the conciliator, it became increasingly clear that neither side was prepared to offer further concessions. The conference thereupon was adjourned at 5:10 P.M. until further notice.]

The Settlement

The strike lasted for 64 days. Negotiations were resumed during the last week at Mr. Parkman's initiative, and after he had held exploratory conversations with each side. Mr. Raymond, manager of industrial relations

from the Corporation headquarters, led the management representatives, and the international president of the union led the union delegation. Neither Mr. Flynn nor Mr. Arnold participated. Conferences were held on April 11, 12, 15, and 16. No stenographic transcript was made of these final meetings. A strike settlement was drawn up on April 16. After the members had ratified this proposed settlement, the "Articles of Agreement" were signed on April 18.

A summary of the major provisions of the settlement follows. The notations in brackets after each provision give the final offer made before the strike.

I. WAGES

1. *General Wage Increase.* A cost of living increase to all employees of 22 cents per hour retroactively effective to January 18, and continuing until December 31 unless wages are reopened by either party after 120 days from the date of the Agreement. Whether or not notice of reopening is given, the parties shall, within the 60-day period prior to December 31, enter into negotiations with respect to the continuation, modification, or elimination of the 22 cent per hour cost of living increase; and should they fail to reach an agreement, the entire agreement is terminated as of 11:59 P.M. on December 31.

[This represented the final company offer just before the strike vote.]

2. *Rate Adjustments.* Sixty-one specified increases in individual classification rates.

[This represented 15 additional increases.]

3. *Reclassifications.* Five reclassifications of operating jobs.

[This represented two additional increases.]

II. NONWAGE ITEMS

1. Departmental seniority gained on semipermanent assignments shall not stand in the way of other employees with three months' operating experience claiming permanent vacancies in the starting job on the basis of plant seniority.

[This represented a compromise.]

2. The provisions concerning new plants shall be revised to provide:

a. Classifications shall be discussed with the Workmen's Committee. In the event of disagreement the question of whether the employees are properly classified may be submitted to arbitration.

[In essence this represented the company's position *on job classifications* in new plants, which management was willing to submit to grievance procedure up to and including arbitration "because . . . in new plants they aren't jobs that are in existence at the time of the effective contract."]

b. *Qualifications*—the standard qualifications for jobs in the new plant shall be:

For all jobs—high school education or equivalent.

For operator No. 1—six months' prior experience as operator No. 1 or 12 months' experience as operator No. 2.

For operator No. 2—six months' prior experience as operator No. 2 or 12 months of operating experience in the next lower classification.

For any lower paid job above the starting job—six months' prior operating experience.

If, in the opinion of the management, qualifications greater than those listed above are required, management will notify the Workmen's Committee. If no agreement is reached, the selections will be made in accordance with the management's plan, and the matter may be made the subject of negotiations at *any* time the contract is opened.

[Again, this essentially spelled out the company's position on "standard qualifications." Management did, however, now agree to consult with the union at any time these hiring qualifications would be exceeded for new plants.]

3. A plan will be set up whereby each second class craftsman will be automatically promoted to first class craftsman at the end of four years' service in the craft, provided he has had at least one year's service as a second class craftsman and is capable of performing first class work. There shall be no distinction between the work assignments of first and second class craftsmen, as the latter are in training for promotion.

[This represented an approach toward establishing the union's demand for automatic upgrading of craftsmen and for elimination of the distinction between work assignments.]

4. A provision permitting basic wage rates to be reopened for negotiation at any time after 120 days from the date the new contract is signed. If no agreement is reached within 60 days from the date notice of reopening is given, either party shall have the right to terminate the entire agreement on 48 hours' written notice given within the 10 days following the expiration of the 60 days' negotiation period.

[This modified the company's final prestrike position on contract reopening chiefly by providing that cancellation of the entire agreement on failure to agree upon basic wage rates had to be effected by notice within a stipulated time limit. The obligation not to strike or lockout was also explicitly affirmed, as the company had demanded.]

5. The prior provision concerning payment to Workmen's Committee members for time spent in meetings with management shall remain unchanged; except that payment for time lost shall be made to a complainant and necessary witnesses in attending the regular monthly grievance meeting.

[The union thus failed to obtain its central demand of pay for negotiating time; it received a new grant of such pay for complainants and witnesses losing time via participation in grievance procedures.]

6. The new contract will contain a voluntary, revocable checkoff.

[By their final positions before the strike on this issue, the union had demanded a voluntary irrevocable checkoff; the company had refused any form of checkoff. Two other demands of the union were withdrawn in the final settlement: (*a*) provision for the arbitration of alleged interplant and intraplant wage rate inequities during the life of the contract, and (*b*) authorization of a nonemployee union representative to participate in the grievance machinery prior to arbitration.]

III. Other Nonwage Items Agreed upon before the Strike

1. Extension of the period during which a laid-off employee's seniority rights are protected from 120 to 180 days.
2. Revision of the provision concerning subdepartmental seniority to insure that the youngest man in the entire department is the one laid off in the event of a reduction in force; and to provide for the rehiring of an employee having seniority rights in any subdepartment to fill the first opening in the entire department.
3. Revision of the requirements for posting promotions and vacancies to permit an employee on vacation or leave of absence to bid on openings occurring while he is away.
4. Payment of time and one-half for all hours worked in excess of eight in any 24 hour period.
5. Payment of straight time for four (4) holidays per year if scheduled and not worked and double time if worked; payment of time and one-half for work on two additional holidays.
6. Extension from two to three weeks of the time limit on one step of the grievance procedure.
7. Liberalization of the provision concerning leaves of absence for union business.
8. Provision for more and enlarged union bulletin boards.
9. Revision of the provision concerning complaint letters to provide for the arbitration of the contents of the letter if any disciplinary action is subsequently based thereon.
10. Provision for protecting the normal earnings of an employee subpoenaed to serve as court witness.
11. Increase in the overtime meal allowance from 50 cents to 70 cents per meal.
12. Provision granting compensation for damage suffered to clothing because of work accidents if loss immediately reported to foreman and clothing surrendered
13. Provision for time off with pay to attend the funeral of a member of an employee's immediate family.
14. Renewal of the maintenance-of-membership clause with new 15-day escape period.

Discussion Questions

1. What, on the basis of this case, would you say about the influence of personality in developing relationships?
2. How would you interpret the union's request for the meeting five days after the strike?
3. In what structure of relationship would you place management-union relationships at the Pilgrim Company? What interrelations do you see in this discussion among negotiations, grievances, and arbitration?
4. Evaluate critically the use of "area practice" as one of the criteria used in these negotiations.
5. Evaluate the discussion by the parties on arbitration of the outstanding differences in the negotiations.
6. Evaluate the discussion on the shop stewards' manual from the viewpoint of (*a*) a training tool for shop stewards; (*b*) management's reaction to the manual; (*c*) Mr. Flynn's objectives—and effectiveness—in introducing it in these sessions; (*d*) the union's response to Mr. Flynn's criticism.
7. In view of the terms of the strike settlement, what clues would you pursue to get a more complete understanding of the shutdown in the area (*a*) of managerial procedures; (*b*) of union procedures?

NATIONAL STEEL CASTINGS COMPANY

THE MANAGEMENT CLAUSE IN RENEGOTIATING THE AGREEMENT

I

The first agreement between the National Steel Castings Company and the United Steelworkers of America (CIO) was signed in 1941. Requests for revisions may be made at the end of the contract term by either side upon stipulated notice. In the negotiation of which this case is part, 12 negotiating sessions, spread over some 10 weeks, were held. At the earlier sessions, proposals and counterproposals were discussed until all projected changes had been canvassed. An adjournment followed to permit preparation of final positions. Negotiations were then resumed to hammer out a final draft.

Excerpts from the discussions of proposed revisions in the management clause are here presented (1) from the first session opening the proceedings; (2) from the first session following the resumption after adjournment.

The following men composed the negotiating committees:

For the Company

Headquarters:
- Stanley C. Richards, Manager, Industrial Relations
- Charles Everett, Jr., Vice President
- Martin D. Turner, Comptroller

Plant Representatives:
- Nine personnel directors, one from each of the plants, were present, of whom the following participated in the discussions:
- William C. Hysinger, Foundryburg

For the Union

International and Regional:
- Nine international and regional representatives were present, of whom the following participated in the discussions:
- L. T. Dorinsky, International Representative and leader of the union delegation
- N. T. Robinson, Director (a Midwest region)
- A. G. Cox, Field Representative (Indiana District)

Plant Representatives:
- Twenty-four representatives from the nine plants were present, of whom the following participated in the discussions:
  - Albert Henley, Foundryburg
  - Louis Nash, Foundryburg
  - Frank Bowman, Foundryburg
  - Philip Ogden, Harborville
  - George Muller, Allentown
  - Donald H. Campbell, Pittsburgh

Richards (m): Mr. Dorinsky, would it be in order for you to start with each of these articles in our current contract and give us your viewpoints why you want the changes indicated in these proposed revisions you have given us?

Dorinksy (u): Very well. Before I begin, however, may I make this explanation: for two days the union committees sent here have been meeting —going over our old agreement to determine what changes should be made.

The boys have all had ample time to discuss the changes they desire. To expedite proceedings, we had a chairman and a secretary appointed for these discussions, and I will want the chairman, who is sitting here with me, Mr. Henley, to assist me in having the delegations from the respective local unions that have made recommendations on changes express their viewpoints to both yourself and the plant personnel directors.

The proposal that I have given you points out where changes are recommended and where the old contract is to continue.

We request that the words "demote," "suspend," "discharge," and "exclusively," be stricken from the management clause which reads as follows:

> Except as otherwise specifically provided in this agreement, the management of the plant and the direction of the working forces, including the right to plan, direct, and control plant operation; to hire, promote and *demote;* to *suspend* or *discharge* for cause; to relieve employees from duty because of lack of work and for other legitimate reasons; to introduce new or improved production methods or facilities, is vested *exclusively* in the company. The rights herein set forth will not be exercised for the purposes of discrimination against employees because of membership in or activity on behalf of the union.

Whom do you want to call on to discuss that, Mr. Henley? You know who participated in the discussions, and those people should discuss the article as we go along.

Henley (u): I do not remember exactly. Some proposals came from one local union, others came from delegations. Where they were similar, they were whipped into one.

Dorinsky (u): Well then, this clause is open for general discussion now.

Richards (m): Everybody ought to get in on it.

Dorinsky (u): Yes, everybody ought to get in on it. That is why we are here.

Richards (m): We are honestly and sincerely trying to find answers here.

Ogden (u): On these words "demote," "suspend," and "discharge," the management has that right "exclusively." Management goes ahead and suspends, promotes, and demotes without consultation with the union. If we are to be a bargaining unit, we should have a vote as to whether the action should be sustained.

Richards (m): Is not that amply covered under your grievance machinery?

Ogden (u): It is always a matter of interpretation. We want to get away from that by simplifying this contract. The average worker in the shop has got to go to somebody for an interpretation. But if you make the contract plain enough, the average worker can read the article and know its meaning.

Muller (u): It is all right to say you have a grievance machinery, but you also say that the purpose of the agreement is to promote harmony. We

cannot have harmony if we have men demoted and suspended, while everything about it rests exclusively with the company. If we want to establish harmony we should specify that the union will have a chance to bargain before a man is fired, demoted or suspended.

Richards (m): Are not you invading the prerogative of management? How about demoting a man who clearly lacks the qualifications for a job?

Muller (u): I think your representatives at the plant can say that we have been more than ready to go along. There have been some men discharged for whom we have had to go through the grievance procedure to get them back wages. Under the revision we propose, we will never have to come in and ask for back wages because if we decide the man was wrong there will be no case for us to take up.

Richards (m): Personally I have a feeling you are going to create more grievances by taking that word "demote" out. For in the functioning of management you have to give some liberty on these things to administration. In other words, if we are going to be forced to consult each time there is a promotion or demotion, because you cannot use one term without using the other, the management is going to be stifled.

Muller (u): The company has recognized us as a bargaining unit for all employees covered by our agreement. When we give you this exclusive right, you have immediately taken away our bargaining rights. I don't think either party should have the exclusive right or the final right to say anything.

Turner (m): Have you overlooked the words "except as otherwise provided in this agreement"? They are part of the clause as well as "exclusively"; in fact they start it.

Muller (u): We are just looking at the words that are causing us trouble.

Richards (m): Have you any specific cases that would show instances when they have been abused?

Ogden (u): A new employee comes into the plant and the foreman is a friend of his; regardless of whether he is efficient or not, the foreman will go ahead and promote him. The union is not the bargaining unit then. I think the man with seniority rights should be given a chance to show his ability and qualifications.

Richards (m): Don't you have a remedy?

Nash (u): We have not been able to find a remedy yet under this contract. I have such a case right now at the new Foundryburg plant. It is resting until we see what is going to be the outcome of this negotiation. Two employees were hired and given jobs better than the job of a man with seniority in the same occupation. You take up the question with the head of the department, and he refers you to this management clause. But if we could sit down as a bargaining unit and take up Bill Jones and John Doe, we could say that they are entitled to work in the vacancies where you are putting the new men. We don't have that chance because management falls back on this Article II.

Richards (m): It seems to me you are going far afield; you are taking a prerogative away from the management. You do have review machinery

provided by the contract. If you object to the acts of management, you can start that machinery through a grievance and pursue to the bitter end the question why any man was promoted or demoted outside of his turn.

Bowman (u): Mr. Richards, our position is this: if there is anything in the contract that disrupts harmony, it not only hurts the worker but it hurts the management.

These words "exclusively," "promotion," "demotion," "suspension," in reality all go back to the immediate foreman. The management in the plant takes the position his act has to be supported.

Now, you ask for instances. For example, in the Foundryburg plant you no doubt remember a letter dated January 5. A group of white workers threatened to strike if negroes were not removed from a certain job that only paid 97½ cents. Since that time, if you please, better than 20 per cent of those same men who threatened to strike have been made foremen; and then they were put over those very negroes. The negro workers have never risen any further than a 97½ cent job. It goes further than that. Two cases of violence arose because these men were made foremen. In the recent case one of our men was arrested by the plant police, and given four months and a dollar and costs.

If the change we ask were made in Article II, the personnel department would not feel it should protect men who should not be foremen to start with. Instead, management would have gone along with appointing foremen who are proper men to be foremen. I do not contend that management should not have that specific right of naming foremen. But when you put a man in such a position, and you uphold that man in an attitude that you know to be against the general policy of the firm, the law, the times, and everything else, exercising your right exclusively has disrupted harmony from the beginning.

Richards (m): Would you say that management has not the right to "suspend," or "discharge," but has to throw these questions back into a bargaining group to make the determination? Have you gone that far?

Bowman (u): No, we would not say that you did not have the right to discharge or suspend with cause. But we do say the union should have the opportunity of knowing whether the "cause" was just or not. You know, under this clause there are suspensions up to and including five days by a minor foreman. The union is not notified. If the foreman says, "I don't like your looks; you get five days off," you get the five days off. Management has the exclusive right to do that. The only time you have a say is when a man is subject to discharge, and then he has to file written notice for a hearing. We say that is unjust.

Richards (m): You mean to say a man can be penalized for one hour, one day or a week, without the right under this contract to start a grievance?

Bowman (u): Yes, sir, I mean that is being done.

Richards (m): Then that is our collective fault in permitting such a thing to be done. It is your fault and our fault. These are merely the rules of the game and it would not make any difference what you put in

this agreement; such a situation still would not be met unless we are willing to use the grievance machinery.

Bowman (u): Mr. Richards, no doubt that is true. You say we have the grievance machinery. But here is a man who has been hurt on the job and goes to the dispensary. He is there about twenty minutes. The foreman penalizes him two hours. The immediate foreman has the privilege of suspension, with no say from anybody. In this case he just called the time clerk and said, "Take off two hours." Out of this penalization an altercation starts up between the man and the foreman. As a result the worker is sent to prison.

Richards (m): I still do not see how the changes you propose would give you any more protection than you have now. You have got to learn to use the machinery by which we correct such wrong practices or our agreement does not mean anything. Management, I grant you, perhaps has not fulfilled its full intent on the grievance machinery. But we can be driven to fulfilling it by your intelligent use of the grievance machinery. And we urge that.

You must realize that at your plant, as at any new plant, there are hundreds of brand new men and new foremen. These foremen are being pressed for production. Those things have to be taken into consideration. Therefore we have to come back to the agreement, to use that vehicle to ride upon, to accomplish our end; and the grievance machinery is a means to the end.

Bowman (u): That is right, Mr. Richards. But we are looking at something that we have found disrupts the contract. Let me ask you whether you personally would pick this kind of men to be foremen? Here are some thirty of them, who have signed a statement like this. You make them foremen two weeks after they sign it. Listen to this; this is management itself at our plant speaking:

> We received a communication addressed to whom it may concern and reading as follows:
>
> "We the undersigned crane millwrights, electricians, crane operators, employees of National Steel Castings at Foundryburg, do not want negroes operating cranes within the above-mentioned plant, and we shall refuse to work, if necessary, effective ten days from date."
>
> Recently an election was held in the new plant at Foundryburg by the National Labor Relations Board to determine who is the authorized representative of our workmen and your request covers a subject which should be taken up through the regular channels of those authorized by the Government to deal with the workmen. This is the regular way in which all matters affecting management and labor at this shop must be handled.
>
> The management is very desirous of having your full cooperation to the end of getting the plant in total production and toward creating harmonious relations in the plant for the benefit of all our workmen.

Richards (m): Is there anything that would have denied those men the right to serve that petition upon the management?

Bowman (u): No, but something should be written somewhere that would

have denied the management the right to make such men foremen over the very people against whom they petitioned.

Richards (m): You don't think these men were promoted for that reason, do you?

Bowman (u): I don't know. Look at this man, Cameron. His name is second on this petition. Hence, he is one of its instigators. Cameron was given a foremanship three weeks later to supervise these very people he petitioned against.

Richards (m): What has been his conduct since then?

Bowman (u): Very deplorable. He is the foreman who gave the worker two hours for going to the dispensary after he was hurt on the job. The worker winds up with four months in a penal institution because of the actions of this foreman. The workers threatened to walk out sometime this week if this foreman wasn't removed. That is the situation under which they work.

Richards (m): Who is this boy that got four months?

Bowman (u): Jefferson.

Richards (m): What happened there, Bill?

Hysinger (m): He struck the foreman three times, so Cameron went out and preferred charges against him.

Richards (m) [to Bowman]: Are you trying to defend that man for those acts?

Bowman (u): No, but it is my contention that Cameron should never have been made a foreman. Each one of the foremen who signed this petition is known to the workers; their feeling about negro workers is known, and 80 per cent of that department are negroes. There is a disruption of harmony when you make such men foremen over the very people they draw up such a petition against.

I am not defending the worker's acts. Assault and battery is against the law wherever it is performed. But it is also the law that if you create provocation, you have some responsibility for the assault that may result. When you put a supervisor over men whom he didn't want even on 97½ cent jobs, with the threat that the whites will strike, of course you will have violence sooner or later. But then the fellow has been made a supervisor, and the personnel department must defend him. Why not defend the worker who is provoked?

Richards (m): Then you want to put yourself in the position of telling the management who are going to be foremen?

Bowman (u): No, sir; not at all.

Richards (m): Isn't that substantially what you said here?

Bowman (u): If I saw a man in that plant bring in a bomb, and put it under one of the blast furnaces, would management appreciate the fact if I told them about it?

Richards (m): I think you are getting off the reservation.

Bowman (u): Suppose you caught the man with the bomb before it went off. I suppose then you would tell him that if he doesn't plant any more bombs you will make him a foreman.

Richards (m): It still begs the question.

Bowman (u): It does not beg the question at all. The feeling those white men who became foremen publicly expressed against the negroes working under them is just like a bomb. You're bound to get explosions sooner or later.

Richards (m): It resolves itself to this: are you going to put yourself in the position of telling management what it can or cannot do with its normally accepted prerogatives?

Bowman (u): No, sir.

Richards (m): It seems to me you said that. How would management perform then?

Bowman (u): I might ask management then, if every time management gets a group of people who have declared themselves against another group of people, do those people become by their very act supervisors over the people they've publicly declared against?

Richards (m): Sometimes people sign petitions as a matter of pressure. You probably have done it yourself. You sign a petition in order to keep company with those you are going along with. That has always been a rather dangerous thing. We have never recognized any group petition as expressing the intent and purpose of every individual who signed it.

Turner (m): Mr. Richards, the proposal that was given to us mentions the words "demote, suspend or discharge," and "exclusively." There is nothing in the proposal about promotions; yet that is what we are now talking about, is it not?

Richards (m): That is right.

Turner (m) [to the union representatives]: Are you changing the proposal here?

Muller (u): No. What we are after and the only thing we are after is bargaining rights. It's the word "exclusively" that we are after. We have an instance in our plant where a foreman walks up to a man and says, "You are suspended for three days." The personnel department naturally goes along with the foreman. When that man comes back, the foreman says, "Now, you admit you told a lie or I am going to give you three more days." He throws the fear of God into the man. That does not make for harmony—or fairness.

Let us have an equal right in seeing what we are getting in the plant. I don't go along with any foreman using the word "exclusively"; he is going to use it as a whip over our men. I go to the foreman and I say, "Here, that worker is innocent," and he replies, "Well now, Mr. Muller, we have the exclusive right to do as we please with that man." Where do we have any bargaining rights there?

Richards (m): I will tell you where.

Muller (u): Just wait a minute. It is all right to say use the grievance machinery. But while I am going through four, five, and six stages, the worker doesn't know whether he is going to hold his job or get back pay or not. Why not go to the steward and say, "We have a man here who is out

of order," and lay your case before that steward. If you show the steward, he is going to go along with you. Other than that, we have no bargaining power.

Everett (m): You are not bargaining then, Mr. Muller. You are running the shop.

Muller (u): No, I say we are matching every ounce of manpower we have against your dollars in that shop. You cannot operate without our manpower. Then if we match our manpower against your dollars, we have a right to say how that manpower is going to be used.

Turner (m): The only thing the management clause really does is to retain with the company everything they do not give you explicitly in the contract. The right to institute grievances when men have been treated unjustly is certainly not limited by the management clause.

Muller (u): Yes, I realize that. But don't we want to prevent grievances as well as settle them? Why not take out of the contract those words that promote grievances? You fellows possibly do not deal directly with men as we fellows do when we take over the chairmanship of an organization or a grievance committee. We have to hear all of this stuff. All we want is a bargaining chance to get a man out of this long grievance chain before his case becomes a grievance.

Richards (m): What would you say to this; that we add, as a second paragraph of the management clause, the following:

> No changes affecting the rights of members of the union shall be put into effect by the company without the company first informing the unions. If the company and the union cannot agree on the proposed changes, the company shall have a right to institute the desired changes and the union shall have the right to make them the subject of grievance, as provided in this agreement. Under this procedure a reasonable time is to be allowed the union representative to consult with the union membership and appropriate officers regarding the proposed changes.

Muller (u): We are going to be called in prior to the time you lay off a man or suspend him, and then if there's a difference between us, you still would like to have us take it up through the grievance machinery?

Richards (m): That is right.

Muller (u): I see nothing wrong with that.

Dorinsky (u): Is that agreeable?

Nash (u): Yes, it is agreeable.

Richards (m): We must confess that neither side has grown up completely, and therefore this will clarify things for us. We presupposed under the present version we would operate as these added words indicate. They force us to do so. So you have the machinery there by which to accomplish what we both really want.

Let us go to the next change you propose.

II

In this way the union presented all its proposals for revisions in specific contract clauses, and the company suggested counterproposals. After the

adjournment, the negotiating sessions were resumed, and opened with the following discussion:

Dorinsky (u): The committee at its last meeting expressed itself on changes that it wants. We adjourned to give the company time to consider these changes. We are in a very receptive frame of mind to hear what you have got to say about them.

Richards (m): Does everyone have a copy of the contract now? Now, as to Article I, on the purpose of the agreement. We propose that that article remain as is.

Dorinsky (u): Very well.

Richards (m): On page 2, the management clause; the first paragraph remains as is; then we have added a second paragraph. That added second paragraph reads:

> No substantial changes adversely affecting the conditions of employment of members of the Union shall be put into effect by the Company without the Company first informing the Union representatives.

Dorinsky (u): Was that the memorandum that you gave us?

Richards (m): Yes, that is the substance of a memorandum.

Dorinsky (u): Has the company any particular reason for wanting this addition outside of the fact that the union asked for some changes in the management clause?

Richards (m): We had been charged with not taking up with employees things that the men felt they had a right to know before they were done. The purpose of this addition is to force the issue to a place where you will be informed before such things are done.

Dorinsky (u): Now I am wondering whether the addition of this second paragraph may not give the company a right to go actually beyond the things specifically set forth in the first paragraph [1] and whether we won't run into some problems on that basis.

In the first paragraph we say, "except as otherwise specifically provided"; and then we write a broad paragraph; then finally we say that, by the mere fact of informing representatives of the union of changes adversely affecting us prior to making them, they can be made.

Richards (m): What do you suggest we do? Strike the second paragraph?

Cox (u): I would say that second paragraph could be improved if you say that, in the exercise of rights that have not otherwise been specifically provided for, no substantial change adversely affecting the conditions of employment of the members of the union shall be put into effect by the company without first informing the union representatives.

Richards (m): I think we can accept that. The only intent and purpose here is to make this contract work.

Dorinsky (u): It is a decent move to inform our people prior to doing

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[1] See p. 434.

something, if that will relieve or stop grievances or problems arising. There is nothing wrong with that, if it is understood that the new provision must be used for that purpose specifically. Our problem has always been with language.

Richards (m): That has been going on, I understand, for about four thousand years.

Dorinsky (u): The more language you get the more problems you have. That is why I would like it specifically stated that the new paragraph carries out the thought the first paragraph originates, as Cox suggested.

Richards (m): We would be willing to accept that.

Dorinsky (u): It seems to me this point must still be raised: here in the new second paragraph, the union is giving the company the right to make substantial changes adversely affecting conditions of employment by the mere fact of informing the union. That is a broad statement.

Richards (m): What do you suggest we do? Cut it out entirely?

Campbell (u): Wasn't there a proposal made in our first session on this clause?

Richards (m): No. A suggestion on it, Mr. Campbell.

Dorinsky (u): Let me say this to our committee. Our present clause is a standard management clause used in all agreements with all companies. We made some suggestions on scratching some words such as "promote" and "demote" and "exclusively." But there is nothing in here that does not appear in practically 99 per cent of the labor agreements in existence. We did raise the question of the right to be informed on some of the changes that management does make under its exclusive privilege. But shall we now set forth that the company has the right to make substantial changes adversely affecting the conditions of employment of members of the union and put them into effect by merely informing the union representatives?

Richards (m): Would you suggest we strike this whole paragraph and try to accomplish what we're after along an educational line?

Dorinsky (u): Just what are you proposing?

Richards (m): Strike the second paragraph entirely and let the first paragraph stand as it is and then depend on an educational program to keep our works management in line to the place where we must inform the union on such changes.

Robinson (u): If the company desires to make any substantial change, then let the plant management take it up with the local union committee and let a mutually satisfactory agreement be reached before any change is made. With this new paragraph, the mere fact you simply inform our people means you are taking the matter out of the area of mutual agreement.

Everett (m): The scheduling of our working forces, how we are going to place work, whether we are going to take work out of one shop and put it in another—we are not going to discuss such things at all. That is not a collective bargaining right.

Cox (u): I don't agree with you there. The management clause does not say what kind of work you are going to do in this plant or the other plant, or how you are going to do it.

Everett (m): That is the intent of the management clause.

Cox (u): The particular operations of the working plant, changes in work schedules or changes in work prices, those are matters for collective bargaining.

Everett (m): No, I think you are off there.

Henley (u): What we complain about is the "promote," "demote," "suspend" and "discharge." If we can get this paragraph to say that we get notice on these things, we'll have real bargaining rights.

Everett (m): Mr. Dorinsky has very adequately covered it when he said this is a standard management clause. In order to answer the criticism that was brought up, we endeavored to insert that second paragraph.

Dorinsky (u): The paragraph itself is a strictly negative paragraph. It talks only of things that adversely affect us.

Everett (m): That is right.

Cox (u): It is true this is a standard management clause. But it is being used in some instances in ways that are not standard: to penalize for absenteeism, laying off without notice, and also for insubordination or fussing with the boss, and so forth, especially at Foundryburg.

Everett (m): You always have the grievance machinery to redress such conditions.

Richards (m): Let me suggest that we strike that second paragraph, Mr. Dorinsky, and depend, as I said, on an educational program.

Dorinsky (u): All right.

Discussion Questions

1. Define the changes requested by the union in the management clause.
2. What factors seem to have generated the demand for these changes?
3. List the men who carry the major discussion of the opening session, and their official statuses. What clues do you draw from the identity of the discussants regarding the objectives that those you would name as leaders on both sides are seeking?
4. List the men who carry the major discussion at the session after the adjournment. How would you explain the difference as compared with the opening session? Evaluate the content of the discussion from the same viewpoint of the apparent objectives of the leaders in both sessions.
5. Explain Dorinsky's attitude on the wording of the management clause as finally proposed by management.
6. What clues would you offer to explain the differences in the wording of the modifications of the management clause offered by Mr. Richards at the two sessions?
7. How would you characterize the method used by Dorinsky as a discussion leader in the first session? In the second session? How would you characterize Richards' methods in both sessions?
8. Would you agree with Dorinsky's generalization (page 442) that "the more language you get [in contracts] the more problems you have"?
9. Outline the educational program you would recommend to carry out the proposal with which Dorinsky and Richards conclude this discussion.

10. Compare this case with the Ellison Shoe Company, noting particularly (*a*) the apparent objectives of the management in each situation; (*b*) the methods of conference with the union each utilized to achieve its objective; (*c*) the degree to which each succeeded; and (*d*) the factors in each situation to which you would ascribe their different effectiveness.

INDUSTRIAL PROCESSING COMPANY (A)

THREATENING STALEMATES

I

On July 31, 1948, negotiations for a new contract were resumed between the Industrial Processing Company and the Process Workers of America (CIO), which represented the employees in three of the company's eight plants located at Tilton, Tenn., Cherryville, Ga., and Kendall Green, Ky.[1] The parties faced the resolution of issues which had separated them since May, if they were to avert shutdowns when the current one-year contract expired on August 13. Negotiations to formulate a new agreement had been initiated in the latter part of May and resumed, without success, early in June.

In the May meetings the company offered either to grant an interim increase of 5 cents per hour under the current contract or to grant an increase of 11 cents per hour if the parties could agree on a new contract. After several days of discussion, the union accepted the interim increase of 5 cents, effective May 25.

At a June 8 meeting, which was requested by the company, a second effort to reach a new contract bogged down when the parties failed to agree on provisions governing "plant seniority."

II

The company, with main offices in St. Louis, began as a lumber company in the late nineteenth century in Kendall Green. By 1948, it employed 9,000 workers in its eight plants and was a major producer of basic industrial goods, such as plywoods and plywood products, general industrial chemicals, paper coatings and paperboard, and surface coatings for metals.

Each plant was a completely integrated unit located in a different state. The employees of the company ranged from unskilled materials handlers to skilled mold designers, metal-coating-machine operators, distillation supervisors, and maintenance and construction mechanics. Over 10% had been in the service of the company 25 to 50 years. In all plant communities except Euclid, Missouri, company employees composed nearly 50% of the total working population. Because of the continuous nature of manufacturing operations and the large investment in machinery, plants operated on a 24-hour basis.

[1] See Exhibit 1.

Until the NRA in 1933, the company had no union relationships. During that summer, however, it entered into contractual relations with Employee Protective Associations, the organization of which had been stimulated by the company. In 1937 the electrical workers at Euclid were organized by the Electrical Workers (AFL). During the years following, the International Brotherhood of Processors (AFL), the Firemen and Oilers (AFL), the Electrical Workers (AFL), the Machinists (Ind.), the United Mine Workers, District 50, and the Process Workers (CIO) had been competing militantly to represent employees in each of the plants. By 1948, CIO employees at the Tilton, Cherryville, and Kendall Green plants composed a significant segment of the total PWA–CIO membership.

III

JANUARY 8–JUNE 8, 1948

January 8. Mr. Bascomb, state director, PWA–CIO, wrote requesting a meeting to consider wage revision under wage-reopening clause of agreement.

January 13. Mr. Larson, vice president of industrial relations, agreed to meet February 3.

January 15. Mr. Bascomb (u) requested separate meeting to discuss special adjustments for mechanics.

January 20. In declining this second request, Mr. Larson (m) wrote:

> At the last negotiation we proposed to effect the increase percentagewise, but the union requested a flat rate increase. We could only assume that you were willing to forego for the mechanical forces the advantage of a percentage increase in favor of a flat rate for everybody. Nothing indicates that you are prepared to go back to the beneficiaries of the flat rate—the unskilled workers—and ask them to forego their gains in order to make the readjustment you propose. That would leave it to the company to accept responsibility for underwriting the principles of both percentage and flat-rate increases.

February 3 (First Session). Mr. Leonardi, organizing director and treasurer, PWA–CIO, and Mr. Larson (m) headed their respective committees. The company rejected the demand for a 25-cent increase for all hourly employees and for an additional wage adjustment of 1% of *total* hourly payroll (approximately 10 cents an hour) to be prorated among the mechanics. The union cited (1) the "large" earnings reported by the company for the past year, (2) increased productivity, and (3) the rise in the cost of living. The company argued that (1) its wages were equal to or better than competitors', and (2) the economic outlook was uncertain. Hourly workmen had received five increases totaling 37 cents an hour since the war. No counteroffer was made by management and the session concluded. No date for further negotiations was arranged.

February 8. The Firemen and Oilers (AFL) failed in an election to gain bargaining rights for boiler-house employees at the CIO plants.

February 8–13. The company claimed there was an organized effort to curtail production at Tilton by a collective refusal of workers to stay on the

job, accept normal call-ins and overtime, or help on minor emergency repairs, according to normal practice. The company felt this was an attempt to force prematurely the demands made on February 3. Intermittent departmental shutdowns were necessitated by such employee "refusals" on February 13. The Tilton plant, the largest unit in the company's operations, accounted for some 60% of its productive capacity.

February 14–17. The company issued local statements via newspapers and radio reassuring employees that even if the union "violated its contract" and instructed employees not to work overtime, the worst the union could do was to expel those who refused to obey; but they would not lose their jobs. In a letter to each employee, the company stated,

If the union and the employees at Tilton attempt to force a wage decision before the general economic outlook clears up, the decision is "no."

March 12–22. Mr. Larson (m) wrote, in response to two letters from Mr. Bascomb (u) requesting another meeting, that, although the company would be glad to meet, economic conditions permitted no current decision other than "no."

If, and as soon as, there develop economic conditions which justify a wage increase, we will be glad and quick to act as generously as those conditions permit.

March 22. The Tilton plant manager wrote to the president of the Tilton local. Excerpts follow:

You presumably know that in an effort to keep the plant in full operation management has attempted various emergency measures. In addition we have called your attention to several acts of intimidation directed against employees who chose to accept call-ins or overtime, such as jacket slashing, and damage to automobiles. A concerted stoppage of work developed this morning among some 200 of the employees, principally mechanics.

An effective procedure, we submit, would be for the union, as required by the contract, to issue a public statement disavowing the movement against overtime and call-ins and disavowing the stoppage this morning. The company is concerned about the signs of bitterness which are beginning to develop. We would like to invite the union to join the company in a request to all employees to refrain from any form of threat or intimidation.

March 23. All departments functioned normally for the first time since February 8.

April 8. Responding to a telegram from Mr. Léonardi (u), requesting a meeting to discuss wages, Mr. Larson (m) wrote that it would be confusing to workers if an attempt were made to discuss wages and to install a pension plan [1] at the same time. He invited the union to meet on April 22 to consider ways of presenting the pension plan to be offered May 1. Wage discussions, he suggested, should be postponed until June, when wage trends would be clearer. Mr. Larson (m) concluded:

[1] A retirement plan presented in 1941 to all employees, hourly and salaried, did not go into effect when rejected by the hourly workers. A similar plan for salaried employees became effective in 1944. During 1947 bargaining conferences with the various unions, management committed itself to submit a pension plan for hourly employees.

Since both parties may be expecting to propose general changes in the contract in August, we would like to suggest taking advantage of this June meeting to go ahead with the general negotiation of a new contract.

April 12–14. A major competitor granted a general wage increase of 11 cents in negotiating an entire new contract with its union. The company declined another request, transmitted by Mr. George Manton, PWA–CIO general counsel, to discuss wages on April 20, as "impractical" prior to installing the pension plan.

April 22. The union objected at this meeting to several details of the pension plan, protesting it was not the result of collective bargaining.

April 30. Mr. Bascomb (u) wrote Mr. Larson (m). Excerpts follow:

[At our April 22 meeting] you again informed the union you would be unable to meet until June using as an excuse that you would be too busy installing the pension plan. But at the same time you offered the bait of an early meeting on wages in the latter part of May, provided the union would accept and assist to install the pension. You point out that since District 50 of Milltown, Ohio, has begun to cooperate [on the pension], you have promised a meeting with them during the week of April 26. The union feels the company has an obligation to the PWA–CIO prior to completion of negotiations on wages with other organizations which made a request after our demand in January.

Mr. Bascomb (u) requested that discussion on wages be held not later than May 10. Management agreed to meet on May 13. The Tilton newspaper quoted the local union president as follows:

We want to effect improvements in the [pension] plan before we adopt a new contract. We urge all members not to sign the pension application cards.

May 3. As part of a complete contract negotiated with District 50 at Milltown, the company granted an 11-cent general increase. The company effected the same increase in its two unorganized mills.

May 13 (Second Session). Mr. Leonardi served as union spokesman. Marshall Bruce, assistant plant manager at Tilton, replaced John Larson as chairman of the management committee in order that the spokesman might be someone in intimate contact with problems at the plant level. The union objected to the presence of a stenotypist hired by management. The company offered to provide the union with a copy of the record, and the union accepted. The union reiterated its previous wage demands, which the company again rejected, offering either to negotiate a new contract or to grant an interim increase of 5 cents per hour pending negotiations in August when the contract expired. The union refused to consider renegotiation of the contract. The company then repeated the alternative of the 5-cent interim increase, though indicating that it favored percentage changes instead of across-the-board adjustments. The union requested adjournment to report to its members.

May 17 (Third Session). The union declared it was instructed to proceed with the negotiation of a new contract, but refused to proceed unless the stenotypist left. The company refused; the stenographer remained, and

silence prevailed, the parties staring at each other from 10:00 A.M. until 5:00 P.M.

May 18 (Fourth Session). There was no change in the respective attitudes toward keeping a record. After over three hours of silence, the union committee called for a recess to report to the membership.

May 19 (Fifth Session). A Federal conciliator entered the negotiations. Mr. Bascomb served as union spokesman in the place of Mr. Leonardi. Mr. Bruce continued to speak for management. A stenographic transcript was made of this session and all subsequent ones. The union proposed 18 contract changes, including a union shop at Cherryville and Kendall Green; revision of the checkoff clause to provide automatic authorization for the life of any new agreement unless revoked by the individual; a general wage increase (no amount specified); an increase in shift differentials; extension to Kendall Green and Cherryville of contract provisions governing electrical employees at the Tilton plant; time and a half for a seventh worked holiday; straight time for four additional unworked holidays; increased vacations; a provision that men laid off were to be recalled prior to hiring any new employees; the computation of allowances for time lost by grievance committeemen on an annual rather than a monthly basis; and the revision of clauses governing pensions.

The company proposed six changes, including clarification of the equal-pay-for-equal-work clause; safeguards limiting application of plant seniority expressly and solely to those job changes stipulated in the contract; cumulative seniority for salaried employees promoted from the bargaining unit; elimination of the contract provision that seniority would govern transfers if the affected employee had the ability and job qualifications; and deletion of a clause permitting job-rate adjustments during the life of the agreement if such proposals were supported by "relevant facts and data."

May 20 (Sixth Session). The parties reviewed their respective proposals. Management rejected all fringe demands, but granted an annual rather than monthly basis for computing time in processing grievances. The discussion soon centered around the problems of applying plant seniority. No progress was made toward satisfactory solutions. At the conclusion of the session, management offered to grant a wage increase of 11 cents per hour and to withdraw all other proposals if agreement could be reached on the application of plant seniority and on cumulative seniority for supervisors promoted from the bargaining unit. The union agreed to consider the company's offer.

May 21 (Seventh Session). After four fruitless hours, negotiations were broken off over the application of plant seniority. Union representatives announced they would ask their membership to consider the 5-cent interim increase offered May 13, postponing a new contract until August when they could "use their economic power."

May 25. The union notified the company that the membership had ratified the 5-cent increase.

May 27. Mr. Bruce (m) wrote Mr. Bascomb (u): Excerpts follow:

This is to confirm that we have instituted an interim increase of five cents. Our offer to raise this to eleven cents per hour, or the equivalent, if we can agree on a new contract, still stands. When our meeting broke off, we had reduced our points of disagreement to two—the application of plant seniority and the accrual of seniority by hourly paid employees when promoted to salaried positions. It seems to us that it would be an unhappy decision to allow these issues to stand in the way of an immediate additional six cents per hour for the employees affected. For this reason we invite the union to join us in another meeting. We accordingly extend the offer until June 8, 1948, but cannot commit ourselves beyond that date.

May 31. Mr. Bascomb (u) replied, in part, as follows:

It appears to the union that our negotiations have been completed and ratification received on the wage re-opening clause. There exists no disagreement in our present contract, which does not expire until August 13, 1948. Due to the company's constant stalling since February 3, [the union feels] that negotiations on said new contract should begin at an appropriate date [when] the union would present all of its demands with a voice that will be listened to. The union fully recognized that management held the club in the [recent] negotiations; [and that it] attempted to use that club to the fullest advantage and failed. [Nevertheless] since the company has indicated the possibility of a change in its position the union will meet with the company for one more meeting.

June 8 (Eighth Session). The management spokesman opened the meeting as follows: "There are certain rumblings in the background. You have mentioned you would like to let things go until August to be able to use your economic pressure. If we permit something to happen, the end result will be bad for both of us. But you can appreciate our position is going to have to be pretty much the same in August as it is today."

The company then renewed its offer of an additional 6 cents per hour increase if plant seniority and cumulative seniority for supervisors were satisfactorily settled. No progress was made. Though the company receded from its request for cumulative seniority for supervisors, the parties could not agree on the application of plant seniority. The company offered, if the union would agree to an immediate clarification, to accept a joint union-company committee to study the problem of plant seniority and abide by its decision. The union refused this proposal. Negotiations were broken off in an atmosphere of verbal hostility.

IV

Following the unsuccessful attempts in May and June, Mr. Bascomb (u) sent formal notice that the union wished to negotiate a new agreement but would meet "not earlier than August 11," two days before the contract expired. The company labeled this "an obvious threat of a strike."

On June 22, in an effort to arrest this "abrupt jump to a strike," the company president wrote Paul Stanley, a high CIO official, asking him to persuade the PWA representatives to adopt a more reasonable approach. Excerpts from the president's letter follow:

As I'm sure you must know, the relationship between our company and the PWA–CIO has not been a good one. During negotiations . . . the situation has grown more difficult. . . . The best advice I've been able to get is . . . that we've

already leaned over too far in . . . trying to make peace. I have reluctantly come to the conclusion that it's about impossible for us to get along with Leonardi and Bascomb with their present attitudes.

Last week I asked three of our fellows to . . . see you. I've come to the conclusion that they did not state our position to you with sufficient clarity and force. Also since they've come back, I've become more convinced by reports . . . from our three plants that Leonardi and Bascomb are determined to precipitate a strike. . . . Though I don't want a strike, I think I should say that we've done about everything under the sun we know to do, or that we feel it wise to do. . . . I'd be glad to discuss this matter with you in the hope that your good common sense may be able to influence Bascomb and Leonardi in the use of better judgment than they've shown to date, and failing this, that you may be willing to introduce a more practical viewpoint.

On July 20, a meeting of the chief union and company negotiators with Mr. Stanley (u) concluded with the understanding that the union would contact the company regarding further negotiations.

On July 26, Mr. Bruce (m) wrote Mr. Stanley (u). Excerpts follow:

We have received no word from the union negotiators. We are compelled to assume that they plan to move toward a strike in August. So long as there seemed to be any hope of reaching an understanding through you we have followed your advice and refrained from public discussion. This has left [the union] free to proceed unchallenged. Now, we are obliged to take the company's case directly to the people and communities affected.

On July 28, Mr. Stanley (u) telegraphed Mr. Bruce (m):

Regrettable you chose the course of publicity which cannot be helpful to either your company or the employees and the union. Process Workers are prepared to comply with my request to seek negotiations commencing July 31.

Discussion Questions

1. Indicate the issues which threaten stalemates in these negotiations; analyze the arguments of each side.

2. What light, if any, does the history of collective relations in this company throw on the threatened stalemates?

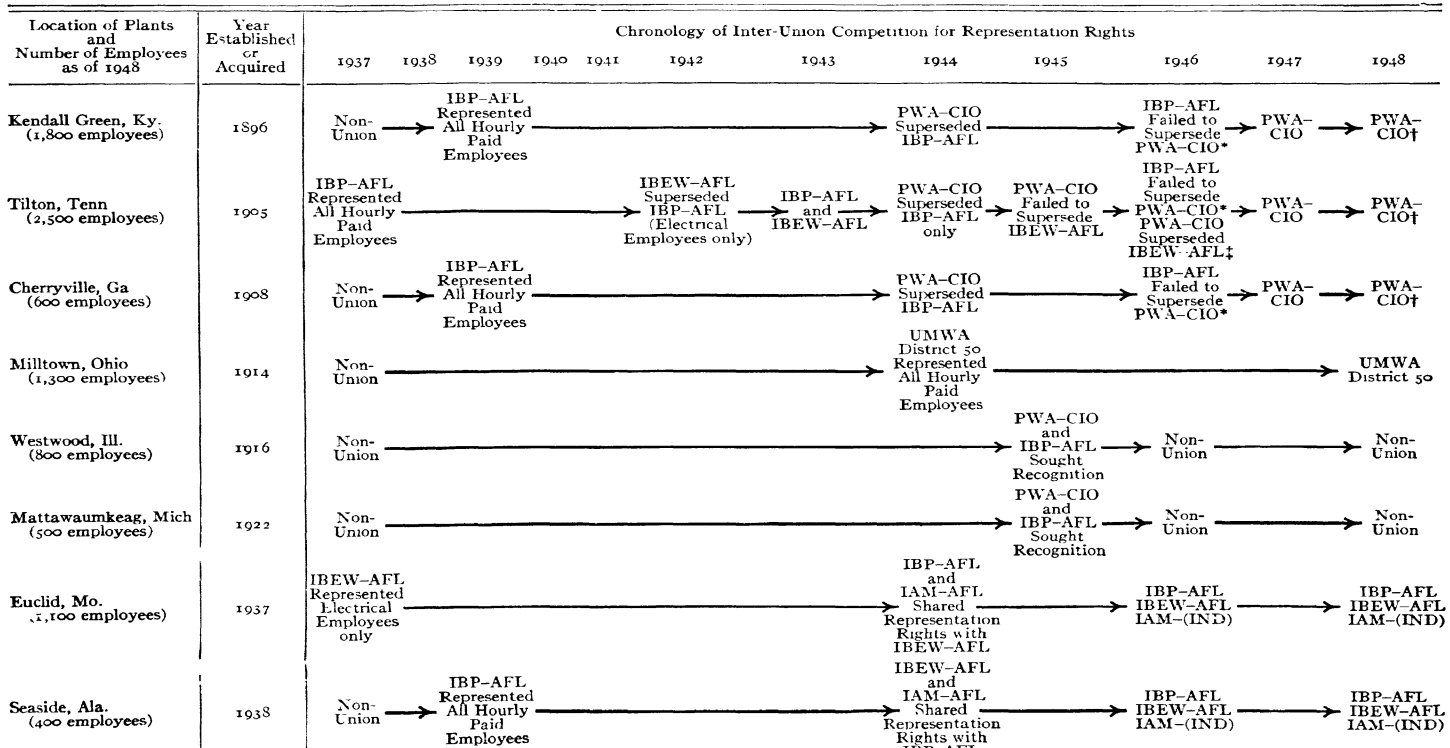
3. Evaluate the proceedings at the actual bargaining sessions together with the activities of both parties prior to, and between, the sessions. Indicate the time sequence for presentation of concrete issues. What significance, if any, would you attribute to this timing in the bargaining policies of each side?

4. Where and how is the potential and actual use of power introduced? Evaluate the methods by which the introduction of power is met.

EXHIBIT 1

INDUSTRIAL PROCESSING COMPANY (A)

Location of Plants, Number of Employees, Dates Plants Established, and Union Bargaining Chronology



* During unauthorized strike by PWA–CIO over issue of union shop

† IBFO–AFL failed to supersede PWA–CIO for boiler house employees only.

‡ Following election, PWA–CIO negotiated interim agreement for electricians (similar to previous IBEW–AFL contract) to be effective until 1947 master agreement negotiated.

INDUSTRIAL PROCESSING COMPANY (B)

DEADLOCK

On July 31, negotiations between the Industrial Processing Company and the Process Workers of America, CIO, were resumed at the Hotel Butler, Louisville, Ky. The following were present:

For the Company	*For the Union*
John Larson, Vice President, Industrial Relations, St. Louis	Charles Bascomb, State Director for Kentucky and Tennessee
Oscar Nordstrom, Assistant to John Larson, St. Louis	Kenneth Cranston, State Director for Georgia
Elmer Russell, Director of Public Relations, St. Louis	George Arundell, Local President, Tilton
Marshall Bruce, Assistant Plant Manager, Tilton	William King, Local Committeeman, Tilton
Samuel Petersen, Personnel Manager, Tilton	William Wygand, Local President, Kendall Green
Phillip Wilkerson, Personnel Manager, Kendall Green	John Lloyd, Local First Vice President, Kendall Green
Andrew Allen, Personnel Manager, Cherryville	Ray Meehan, Local Second Vice President, Kendall Green
	Fred Lang, Local President, Cherryville

NINTH SESSION: JULY 31, 9:30 A.M.

Bascomb (u): We have met because of numerous requests of management, not through the local unions or the state director, but through Mr. Stanley. He has requested us to meet earlier than previously suggested. This International has never entered into negotiations with any company with the expectations of a strike. We feel that if there is any need for a strike, responsibility will rest solely upon management because of their wanting to take things out of the contract already in existence. This is a give-and-take conference. We certainly don't propose to do all the giving. Management has what the workers need, but it took the position at the conclusion of the June meeting that all that had been accomplished had been withdrawn. Therefore, we have some new proposals.

[The union then submitted its demands of May 19, expanding them to include the following: union shop for all three plants, improvements in the pension plan and its incorporation into the contract, 1% of total payroll for adjustments of job-classification inequities, reduction of the probationary period for new employees, liberalization of overtime payments to men working on Monday following Sunday work, and additional seniority protection for employees with less than 5 years' plant seniority in case jobs or departments were discontinued.]

Bruce (m): First I would like to say, Charlie, that we want to reach a satisfactory agreement. As to our requests to Mr. Stanley, our idea was that our relationship might be improved. But we are almost floored by your requests; you are really asking for everything. Before we start, I would like a few minutes with our fellows. [The company took a recess.]

Bruce (m): Charlie, in view of the union's new and many more proposals, we have some. [The management then submitted, among others, the following proposals: deletion of the provision for job-rate adjustments during the life of the agreement; amendment of the equal-pay-for-equal-work clause; and a provision that "plant seniority apply only where specifically stated in the contract." The company continued to offer 6 cents in addition to the 5-cent increase already given.] All right, Charlie, do you want to give reasons for your proposals?

Bascomb (u): The first one is union shop. I think the company is very familiar with the reasons for that request.

Bruce (m): Rather than give a flat "no" to the union shop and checkoff, we will wait and see how we make out and decide a little later.

Cranston (u): I hope we don't drift into that kind of situation. Your house is on fire and instead of using water, you throw kerosene on it. In other words, the company is holding the checkoff as a point tied up in conditions. I've seen companies hold back things and make matters worse, for what the union does then is to set up a propaganda machine.

Bruce (m): We have the checkoff. We are not proposing to do away with that.

Cranston (u): But the checkoff should not have to go to the membership every year. Do you want the shop stewards going after these people week after week, creating dissension and ill feeling? It would be nice if you agreed to some things as you go along.

[After discussion as to the legality of a checkoff authorization "good for more than one year," company spokesmen granted the request for Kendall Green and Cherryville and promised to investigate the legality of it for Tilton under Tennessee law. Demands for shift differentials and vacations were "passed." No agreement could be reached on the proposal that work rules relating to Tilton electrical employees be extended to Kendall Green and Cherryville.] [1]

Bascomb (u): In regard to the pension plan, we suggested changes on April 22. The company said they would check with the other unions and let us know. The first thing we know, you made the changes, but in a letter to employees there was no indication they had been proposed by the union. You have not been bargaining collectively. Our members are not satisfied with the pension plan but we made no recommendations as to what they should or should not do. Now we propose that language be placed into the contract to make sure we have collective bargaining on the pension.

Bruce (m): As far as giving the union credit in the newspapers, we gave

[1] See Exhibit 1, Industrial Processing Company (A), p. 451.

you a tremendous amount. We were severely criticized by other plants for giving the CIO all the credit.

Larson (m): Some of the things that Charlie said don't tie up with the situation. We get 90% acceptance every place except Tilton, where it is 35%, and at Cherryville where it is 72%.

Arundell (u): I think you are terribly misinformed. There hasn't been any union man who said to turn the pension down.

Bruce (m): Only last week one employee told a supervisor that Charlie Bascomb told him not to sign.

Lang (u): At Cherryville salaried employees even came to union officers and tried to sell them the plan.

Bruce (m): I don't see any crime about that. If the union would make a public statement that they have not been discouraging employees from joining, it might be very helpful.

Cranston (u): When you ask us to make a public statement it would seem like a political move, and we can't get away from that.

Russell (m): September 1 is the deadline to sign. There are a thousand people in Tilton who have not signed yet. Many believe the union is opposed to their signing.

Bascomb (u): Well, you might buy two more editorials in the *Tilton Courier* and convince those thousand people.

Bruce (m): I don't want to talk about who said what, but we have been told that people were being discouraged by the union from signing because their signing would interfere with anything you might get in negotiations. We are willing to forget that. But one thing hard to overlook is the statement that we should buy some editorials. It is a serious assertion to make.

Cranston (u): What would be your proposal, Mr. Larson, to take this thing out of the political football category?

Larson (m): I would say get it in and get it operating.

Cranston (u): In regard to its actual operation or supervision, does the union fit in, or not?

Larson (m): The union will always be listened to, but the plan is not set up to include all the different unions in its administration. [After further discussion, the session ended at 5:15 P.M.]

TENTH SESSION: AUGUST 1, 9:00 A.M.

[At the beginning, the union proposed the following contract language:

It is agreed that the pension now in effect, or as it may be subsequently modified, shall in no way abrogate any of the terms or provisions of this agreement.

Management asked to submit this proposal to its legal advisors. Vacation demands were "passed." Management granted four minor noneconomic proposals and denied one. The union withdrew one.]

Bruce (m): Charlie, I want to read two clauses from our contract.

Section 8: During the life of this agreement, the company and the union will consider proposals for job-rate adjustments, when said proposals are supported by

relevant facts and data. Section 8 (*a*): When a bona fide new job is created, or when changes are made in equipment and method of processing which result in a substantial change in job duties, the management shall evaluate the job and inform the union of the proposed new rate. Differences shall be subject to the grievance procedure.

Section 8 should come out. We are perfectly willing to leave Section 8(*a*) in the contract. The reason we want Section 8 out is that wages should not be arbitrable. We would like to explain our thinking on wage adjustments during the contract year *when there have been no substantial changes in equipment or job duties.* Maybe some job will be brought up, and after a convincing union argument, a couple of cents will be granted. As soon as that is granted, we are in trouble in other departments.

Bascomb (u): If this company actually wants that clause out, let's set aside 30% of the payroll for wage adjustments. Then possibly we might be able to consider the point you are raising.

Bruce (m): Adjustments wouldn't be necessary if you fellows had not insisted on a flat cents-per-hour basis.

Bascomb (u): That doesn't eliminate the problem. The company is playing up percentage increases in newspapers and having informers play it up with the various classifications. That is political football by management. If this company was conscientious, explain why in Westwood and Mattawaumkeag, where the employees have no union and not one iota to say about what kind of wage increase they get, the company gives it on a cents-per-hour basis.

Larson (m): The Westwood and Mattawaumkeag 11 cents was not given until after the principle of a cents as against a percentage offer had been insisted on by you folks.

Nordstrom (m): Getting back to Section 8, if you get an increase on one job, then, under another clause, equal pay for equal work, the union insists on everybody whose job is comparable to be brought in line. We often have to give 15 job-rate increases to even up the difference created by any arbitration decision. There is no end of the thing.

Bruce (m): That leads to one more change we have. The contract now reads:

Whenever an employee is engaged on a permanent job within a job classification, the principle of equal pay for equal work shall apply.

We propose to change this clause as follows:

Whenever an employee is engaged on a permanent job, the principle of equal pay for equal work shall apply within a job classification within a department.

The first clause was in the contract because we thought that when a man was assigned a certain job classification he should get the rate for that job. It was also to enable female labor to get the same job rate. However, we had a number of coating machines on which some of the rates were different, depending on the department. The union misapplied this clause and *by arbitration* added all the lower paid machine operators to the higher paid

machine operators, even though they were in another department. It was not our intent that that should be the application. The time to get it corrected is at negotiations.

King (u): If the arbitrator says it means what the union thinks it means, then it is to be changed.

Bruce (m): We are saying that we have every right to bring it up in negotiations.

Cranston (u): That is a bad way to negotiate. When you bring up too many things, it becomes difficult for the boys to go along because they have to go to the membership with explanations. [The meeting recessed at 4:55 P.M.]

ELEVENTH SESSION: AUGUST 2, 9:00 A.M.

Bruce (m): The problem of "plant seniority" is confused by the custom of talking about a plant as a simple unit. Each plant instead is an assembly of a number of successive operations, each requiring its own special equipment and skills. The plywood department is a horse of a different color than a metal coating machine, and the paper coating department is kin to neither. The degrees of dissimilarity among departments vary, but are sufficiently distinct and permanent to require separation. There is little interchange of employees among departments except by transfer to fill vacancies at the bottom, and by temporary assignment to cover sickness, vacation, and absences. The group in each department is broken down into job sequences, and each sequence into job classifications. Given this structure, it was normal that seniority should develop primarily by job and department.

The present contract provides a comprehensive system of job and department seniority. Layoff has traditionally been by departmental seniority. The idea of "plant seniority" crept in by the back door. In a *general* cutback, layoff by departmental seniority released younger employees all over the plant. However, when only one department was discontinued, older employees were left without jobs. The company proposed, *but for such cases only,* a limited application of "plant seniority."

Because of loose words in defining "plant seniority," the union asserted it applied to transfers between departments and in other forms of layoff and recall. This would mean the destruction of departmental work teams and wholesale delay and dispute over individuals claiming jobs all over the plant. The company must resist the creeping paralysis a general extension of "plant seniority" would start.

We have studied plant seniority and feel we have gone all the way in making this proposal to protect the senior men. To begin with, we propose to delete paragraphs 3*b* and 4*a*(1).[1] Under paragraph 4*a*(1) we realize there are very few employees that have less than one year's plant seniority. In case of a reduction of force, all the older employees that might have already been transferred due to a prior reduction would not be covered.

[1] See Exhibit 1.

We are making this all-inclusive proposal based on final agreement to cover employees laid off either by cutbacks or discontinuance of jobs or departments:

Employees with more than five years' plant seniority, if they can qualify, will be offered transfer within ten days after layoff, to jobs at the lowest level of any job sequence occupied by employees junior to them in plant seniority, displacing those with the least plant seniority.

If the worst were to develop, a man with 15 years' plant seniority could displace anyone with 14 years'. This leaves the older men on the job. In answering the problem of layoff, this covers the thing 100%. [The union took a recess.]

Cranston (u): We discussed this and what struck me was the language—"jobs at the lowest level of any job sequence." We believe the man should be given the opportunity to take the job he is qualified to perform, and should not have to go to the lowest job. I have some contracts here. You may be amazed, but this actually works:

No employee in any department shall be laid off except for cause so long as any other employee with shorter service is employed in any department whose work the first employee is capable of doing.

Bruce (m): They have a different situation entirely. They are not as diversified as we are.

Cranston (u): Where you have to constantly apply yourselves to the letter of the contract rather than the spirit, there is something wrong. When senior people are given the greatest opportunity, not only in promotions, but also in job protection, they themselves police that condition and it works to the mutual benefit of everybody. [The company took a recess.]

Bruce (m): Mr. Cranston and Charlie, we don't like your proposal, but we do have some counterproposals. We have offered all inclusive protection for employees with five or more years' seniority. That offer stands. In addition, we propose the following language on layoffs caused by discontinuance of jobs or departments:

Seniority in the plant starts with the day an employee begins to work at the plant and applies only where specifically stated in the agreement.

In case of layoffs caused by discontinuance of an operating job or department, employees with more than fifteen years' plant seniority, if they can qualify, will be placed on jobs which are occupied by employees with up to five years' plant seniority, and they shall have five years' job and departmental seniority in the new department. Then employees with more than ten years' seniority, if they can qualify, will be placed on jobs which are occupied by employees with up to three years' plant seniority, and they shall have three years' job and departmental seniority in the new department. Then employees with from five to ten years' plant seniority, if they can qualify, will be offered transfer within ten days after layoffs to jobs at the lowest level of any job sequence occupied by employees junior to them in plant seniority, displacing those with the least plant seniority.

[There was a recess for lunch. In the afternoon session, the union asked to "pass" the problem of plant seniority. Management rejected the union's

proposal concerning language on the pension plan, but agreed to study the question further. In addition, the company stated that it would furnish a letter agreeing to meet with local union representatives at Kendall Green and Cherryville concerning working rules for electrical workers.]

Bascomb (u): This company has saved a quarter of a million dollars by the way it offered the wage increase. Certainly some of that money must be used for wage adjustments. Otherwise I don't see how we are going to be able to conclude negotiations. The whole responsibility lies with management in that they have told various classifications that they should have more money, but that the union will not go along. The men are beginning to wonder who is telling the truth in these matters.

Bruce (m): Charlie, you talk about a quarter of a million dollars. I assume you are talking about the 6 cents that was not accepted. I want to inform you there isn't that much money involved. We attempted to negotiate a contract, but you accepted 5 cents instead. We can't agree that the company is responsible. Six cents is the best we can do. It would be a mistake to leave any impression we might have more money to give.

Bascomb (u): I can definitely assure you that if you don't have the money, you better start hunting for it.

Bruce (m): Charlie, I am sorry to hear you say that. We have recognized that we were getting into a difficult situation. We have concluded contracts with the other plants and even if we had more money to give, I know you can appreciate we would be in a difficult situation.

King (u): We are no different from those Milltown people.

Larson (m): Of course you are not.

Bruce (m): You folks simply are not agreeing to any change in plant seniority. I asked for suggestions. Charlie, we aren't getting anywhere.

Bascomb (u): It is good to let the company know that we realize what is taking place in Milltown, and that depriving our people of 6 cents for the past few months has been solely because of the way this management deals with our union. [The meeting recessed at 4:40 P.M.]

TWELFTH SESSION: AUGUST 3, 9:30 A.M.

Cranston (u): The future does not look any too good for the people of this country. If we could write up a good seniority clause, we might give our people peace of mind which means a lot.

Lloyd (u): You know, Marshall, when you start bringing in particular qualifications for jobs, you are apt to leave a very good man out because a foreman doesn't like him. That happened in Kendall Green. One girl needed a job, and they called in another girl with less seniority who has a husband working. She was a friend of somebody. All she is doing is accumulating money, and one day she will tell the company to go to hell. The foremen play favorites.

Wilkerson (m): I recall one individual who we felt was not qualified, and Mr. Lloyd made the remark, "Well, the poor soul has to live. Just leave him on and pay him the money."

Lloyd (u): Positively that is not true. You might just as well not go any further.

Wilkerson (m): I referred to Tony Pasquale.

Lloyd (u): All he tried to do was stay on until he retired. There is a good example of seniority. Just like an old horse—when he gets a little stiff-legged, you want to shoot him.

Bruce (m): We have tried to take care of everything.

Lloyd (u): You haven't tried at all.

Bruce (m): You are getting a little excited.

Lloyd (u): I ain't getting excited.

Meehan (u): We know what you are trying to take away from us.

Lloyd (u): When you work here 20 years, you better be looking for something else. I hope, Wilkerson, they put you in the wood yard. [Laughter.]

[After brief discussion, the union requested a recess and returned to propose:

It is and shall continue to be the policy of the company to offer reemployment, according to qualifications, to those of its employees who are laid off.]

Bruce (m): We will consider your proposal during lunch. [A recess was taken for lunch.]

Bruce (m): We are afraid your wording might imply something that is not our intention to do. We have some wording that *is* our policy:

It is and shall continue to be the general policy of the company to give preference in employment to former employees laid off through no fault of their own, to the extent their qualifications and previous record justify. The application of this policy in any specific case rests solely in the company's discretion.

Cranston (u): I would much rather not have it in the contract. If a man is laid off, it is the union's job to get him assurance he will be brought back. When a man doesn't have a background of friends and calling cards, his opportunity to get or hold a job is limited. These things happened and the past is too recent for us to say that they don't happen any more. Seniority is the all-important thing in any contract.

Russell (m): The man is not laid off naked. He carries with him departmental seniority and the opportunity to return to his department where he is qualified.

Cranston (u): If we are ever to develop good faith, management just ought to say, "All right, boys, we are willing to take the chance and go along on certain things." There is much at stake here because it involves your employees, their relatives, your potential labor market. Your employees are going to have bitter feelings and so forth. We are drifting back to where we were, or even to something worse.

Bruce (m): You talk about cooperation. There is a clause that says a shift worker must stay on the job until he is properly relieved. For weeks this spring we were plagued with employees refusing to stay until relieved in an effort to make serious operating trouble. It is that kind of thing we can't forget.

Cranston (u): I see no reason for carrying on the discussion. I am up against a brick wall. [The company took a recess.]

Bruce (m): Mr. Cranston, we have again thoroughly discussed this situation. We have no objection to putting a policy in the contract. But we feel it is a mistake to indicate a commitment that we don't feel we can go along with.

[Inasmuch as no progress was being made regarding seniority issues, the parties reviewed the problems of job-rate adjustments during the life of the agreement, adjustment of inequities in addition to a general increase, and equal pay for equal work. Still no progress was made. The union then requested management to restate its position on a general wage increase. The company continued to offer 6 cents in addition to the interim grant of 5 cents.]

Arundell (u): We feel that the 6 cents should be retroactive.

Cranston (u): If you don't feel like making it retroactive, what about something more than the 6 cents?

Bruce (m): Eleven cents is the pattern in our industry, and many gave less.

Cranston (u): Let's tackle it from another angle. What about more paid holidays?

Bruce (m): We can't see our way clear to do that.

Lloyd (u): Marshall, how do you think it would be if we would agree to take some of this additional 6 cents you offer and use it for adjustments? How would we ever get a contract ratified when the employees know that there was always 11 cents there for us? It's like a fellow saying, "My dog barked up the wrong tree."

Bruce (m): I am sorry, but I don't think we have anything else to offer.

that would analyze the qualifications of a senior laid-off employee, if any dispute arose as to his qualifications, before hiring a new employee to fill a vacancy. Reviewing previous reasons for insisting on the right of management to select employees, company representatives declined the union's proposal.]

Bruce (m): We have done much to meet your problems because employees with more than five years' plant seniority are protected to the limit under our proposals made on August 2. There comes a time in operating a business where we have to draw the line. If we feel we can't do what you ask, the time to say so is now.

Leonardi (u): It is time to move and try to get a contract. It is well for the company to understand that it is not going to get what it wants. I want to know definitely and conclusively and have the company wrap a bundle for us on the following items—I am going to tell you what the items are.

Bruce (m): I might say, Vic, we are glad to have your suggestions, but most of the giving has been by the company.

Leonardi (u): In due time, Marshall, I expect to buy this company out and will engage you as a machine operator. Until that time, I can't give you very much.

Bruce (m): I am sorry to hear you say that. Collective bargaining is a two-way proposition.

Leonardi (u): We would like to know your final position. We want a union shop and checkoff so that the union will not be compelled to annually sign people up. We want to expand holidays. We want the union's position on seniority. We wish the contract to state that there is a pension and that said pension does not invalidate the principles in the contract. We have to improve vacations. We want adjustments to come out of a pool of money created by 1% of payroll. We want a wage increase, and that increase to be retroactive, because if there has been a delay it is because the company has been filibustering.

Bruce (m): Coming from you, that is quite a mouthful.

Leonardi (u): I want you to be responsive and let's get going or you are going to give cause to this union to complain to the company president about the inefficiency of his spokesmen.

Bruce (m): That is the least of our worries.

Leonardi (u): If this company wishes to complete a contract now, this is the time to do it. If not, we will be compelled to report to the people that there is no contract. [After the company reiterated its unchanged position on each issue, the union proposed adjournment at 4:20 P.M., pending the arrival of a conciliator.]

FOURTEENTH SESSION: AUGUST 5

[A United States Commissioner of Conciliation met with each party separately, but was unable to persuade either group to amend its position. Negotiations were suspended.]

EXHIBIT 1

INDUSTRIAL PROCESSING COMPANY (B)

Pertinent Clauses Governing Seniority in 1947–1948 Agreement

Section B: If an employee is to be laid off, transferred, re-employed, promoted, or demoted to other hourly paid jobs, seniority will prevail, but the affected employee must have the ability and job qualifications. Changes shall be made along the following lines:

1. *Job Seniority:*

a. The job sequence for promotion and demotion of hourly paid employees is hereby made a part of this agreement.

b. Seniority in a job starts with the day the employee is classified and receives the job rate on a permanent basis.

c. Job seniority shall govern in cases of promotion and demotion. In the event that job seniority is equal, departmental seniority shall prevail.

d. In cases of promotion, a trial period of two (2) weeks shall be granted unless the affected employee is obviously unqualified.

2. *Departmental Seniority:*

a. Seniority in a department starts with the day an employee begins work in the department on a permanent basis and gives precedence through the department. At the time a job in a department becomes permanent, the employee will be given credit for unbroken service from the last date he started work in the department. In the event that departmental seniority is equal, plant seniority shall prevail.

b. The confines of and the job classifications in each department are hereby made a part of this agreement.

3. *Plant Seniority:*

a. Seniority in the plant starts with the day an employee begins to work at the plant and gives precedence throughout the plant when it is not practical to fill a position according to departmental seniority.

b. In case an operating job or department is discontinued, employees with more than fifteen (15) years' plant seniority, if they can qualify, will be placed on jobs which are occupied by employees with up to five (5) years' plant seniority, and they shall have five (5) years' job and departmental seniority in the new department; then employees with more than ten (10) years' plant seniority, if they can qualify, will be placed on jobs which are occupied by employees with up to three (3) years' plant seniority, and they shall have three (3) years' job and departmental seniority in the new department; then employees with more than five (5) years' plant seniority, if they can qualify, will be placed on jobs which are occupied by employees with up to one (1) year's plant seniority, and they shall have one (1) year's job and departmental seniority in the new department.

4. *Transfers and Recalls:*

a. When an employee is laid off or when in lieu of a layoff an employee accepts work in another job or department, he is subject to recall or transfer:

(1) Employees with more than five (5) years' plant seniority, if they can qualify, will be offered transfer, within 10 days after layoff, to jobs at the lowest level of the job sequence in any department and will displace employees on such jobs with less than one year's plant seniority.

(2) If at any time he is offered and refuses transfer to his former job or department, he loses seniority in that job or department, and he shall be so informed at the time. His seniority in the new job or department starts with the date he started to work in the new job or department.

5. *Absences Which Do Not Constitute a Break in Seniority:*

a. An employee's seniority will be considered as continuous from the day he begins to work and is broken when he is no longer in active service, except under the following conditions:

(1) Layoffs and re-employment:

(*a*) Layoffs. In case of layoffs, departmental seniority shall govern.

Discussion Questions

1. How would you interpret Bascomb's opening of this phase of the negotiations?

2. Compare the demands and counterdemands presented by the parties at the opening (ninth) session with Leonardi's summary at the closing (thirteenth) session. What clues on bargaining tactics do you find here? What issues would you designate as crucial?

3. What light does this case throw on the question of flat-rate increases versus percentage increases?

4. Discuss the successive proposals and counterproposals made with regard to plant seniority. What does each side seem to fear in the demands of the other? What would you recommend to your colleagues if you were a member (*a*) of the union committee, or (*b*) of the management?

5. Discuss the exchange between Leonardi and Bruce at the close of the thirteenth session regarding the source of "giving" in collective bargaining?

INDUSTRIAL PROCESSING COMPANY (C)

RESOLUTION

On August 5, the Industrial Processing Company mailed to each of its CIO employees a letter, which follows:

The Other Side!

Negotiations have come to a standstill. The union has threatened to strike August 13. In the face of this threat it's unfair to keep the company's story from you any longer. We have only a short time in which to try to convince you we're not the greedy, union-busting so-and-so's some of the more enthusiastic union people claim. But, for your sake and ours, and for the community, we have to try.

The first thing you ought to know is that in terms of both pay and over-all benefits the offers we have made will bring you up with the top of the industry pattern. But at negotiations money didn't seem to be the big issue. The union claims that the company wants to "take away" your "seniority." The company claims the union is insisting on an extreme form of seniority which can't work in our setup. How can we agree that time in the wood yard qualifies a man to work with high voltage in the electrical department? We tried to propose a compromise which would give people with more than five years' plant seniority complete protection in case of layoff. The union wouldn't budge. Why we can't go further is too much of a story for this first letter. We'll write you a special letter about this.

We hear the union claims the company is bluffing and will cave in at the showdown. That's the kind of mistake that often leads to unnecessary wars. But this time the company thinks the issues are vital. It is prepared to take a strike if that's all that's left.

Two days later the company sent the following letter to employees:

ABOUT "PLANT SENIORITY"

People are saying that in negotiations with PWA we are trying to "buy" or "take away" your "seniority." There's no sense and no truth in this. On the contrary the company offered to improve the protection of senior employees in case of layoff. Under the present contract, people are laid off by departments. The company has no right to prefer senior employees by shifting them to jobs in other departments. We proposed and the union seemed to like a new clause which would enable us to do this for employees with more than five years' service. The trouble came on another point.

There's an old phrase in the contract which says, "Plant Seniority gives precedence throughout the plant when it is not practical to fill a position according to departmental seniority." The contract then goes on to spell out exactly how and where this "plant seniority" applies.

About a year ago the union began to insist that these few words set up a whole new system of "seniority." It would work out so that whenever a new man is needed in *any* department, anybody from any other department can move in. They forget that once started in a job sequence, seniority will move him along to higher and more complicated jobs. It's no use to start him if he can't be expected to handle these as they come along.

The union also contends that the phrase provides every former employee with an indefinite claim to any job that may open up in the future. The company is already committed to call people back as jobs open up in their old departments. In addition, it is and will continue to be the policy of the company to call back former employees as opportunities open up in other departments for which we believe they can qualify [but] we cannot accept a legal obligation to hunt up all former employees whenever *any* job opens up. The time has come to clear this up. This business of leaving vague words in the contract just to buy peace and prolong the argument gets nowhere.

On August 7, the Tilton local issued a bulletin:

If the company, as they have stated in their letter, do not want to take our seniority away, why do they want to change plant seniority? There can't be but one answer; they want to send the old people across the bridge and keep people with one or two weeks seniority. The union has never underestimated the company's power and its financial strength and union-busting methods. We, the workers, know that Mr. Bruce would like to change every clause that the union has arbitrated and received a favorable decision on.

On August 10, a Cherryville newspaper carried a union statement which included the following:

Since negotiations were adjourned the company began bombarding its people with letters. The first stated, "We're ready for a strike." This letter was received barely a day after negotiations had adjourned. We question whether a letter could be drafted and in the workers' hands in so short a time. If it had been prepared previously, how can the company say they met the union prepared to bargain in good faith?

On the same day, a union bulletin stated that the membership was prepared to "go the limit" in concluding an agreement.

On August 11, the company sent a third letter to its employees.

IT STILL ISN'T SO

It still goes on, this talk that, by asking to clear up the "plant seniority" clause, the company is trying to cut away at "seniority" in general. [Here the company quoted from union bulletins, including that of August 7, cited above.]

Compare this with the facts:

Example. Under the present contract, if a general cut-back should become necessary, layoff would have to be by departmental seniority. Suppose Joe X has been around the plant 15 years but is still the youngest man in his department. Joe would have to go. There might be a lot of people left in other departments, holding jobs Joe can do, without anything like 15 years' plant seniority. Still, the way the contract's now written, the company could do nothing. It has no right to remove younger people to make room for Joe

The *company* proposed *new* wording which would *improve* Joe's protection. This new wording would enable the company to take care of older people like Joe (everybody with more than five years' plant seniority) by moving them to appropriate or beginner jobs in other departments, "bumping" out people with less plant seniority.

As nearly as we can tell from our records, this would protect almost everybody with more than five years' plant seniority from layoff, even if we cut back to five days a week.

On the same day the Cherryville local distributed the following bulletin:

We publicly challenge either local or top management that the leadership of our local is a "lot of boss hating people." Again we challenge a statement that the union has been stuffing old people "down their throat." The union believes this is not a dispute over seniority. Rather it is a showdown brought about by Mr. Marshall Bruce. He is entirely responsible for the present difficulties.

FIFTEENTH SESSION: AUGUST 13, 11:00 A.M.

[Mr. James Pace, president, PWA–CIO, led negotiations for the union. A United States conciliator was in attendance.]

Pace (u): I have found the most practical way to reach understanding is to take the items of a lesser nature first. The monetary issues will be last. The pension differences seem relatively trivial, and perhaps we could dispose of that now.

[Adopting President Pace's suggestion, the parties discussed alternative proposals and agreed on the following compromise clause:

The understanding between the company and the union referred to in the agreement effective August 13, 1947, has now been carried out by the offer of a pension plan for hourly paid employees. It is understood that this plan pertains to all of the company's hourly paid employees, including those represented by other unions.]

Pace (u): Maybe it would be in order for you to suggest the next minor problem.

Bruce (m): We have proposed to add the phrase "within a department" to cover what we feel the real intent of the equal pay for equal work clause was originally:

Whenever an employee is engaged on a permanent job, the principle of equal pay for equal work shall apply, within a job classification, *within a department.*

Pace (u): Regardless of what we do in negotiations there are special instances that arise in which the union and supposedly the company might see the need for rate adjustments. If there was some assurance that adjustments would be considered on their merits during the life of the contract, the union committee would not object to your wording.

Bruce (m): That involves another issue, rate adjustments. We had proposed that the following come out of the contract:

> During the life of this agreement, the company and the union will consider proposals for job rate adjustments, when said proposals are supported by relevant facts and data.

However, we have always agreed to keep this clause:

> When a bona fide new job is created, or when changes are made in equipment and method of processing or production which result in a substantial change in job duties, the management shall evaluate the job and inform the union of the proposed new rate. Differences shall be settled by collective bargaining and subject to the grievance procedure.

Pace (u): Why not leave the rate-adjustment clause as is and make the change in the equal pay clause? Don't expect us to go whole hog in all these things.

Nordstrom (m): It means that any rate could still be put up to arbitration because the cost of living has gone up, or "because I used to have a five-cent differential and now it is three."

Leonardi (u): It is better to talk about adjustments and know what the attitude of the people is than to create a system whereby ideas become suppressed. You could have one of two systems: one of complete imposition upon the people which would eventually break into a rash, or one where people have the right to talk and question management.

Pace (u): The clause you want to drop is modified by the second. I can't foresee an arbitrator ruling for a wage adjustment unless there is some supporting evidence, such as the items mentioned in the second clause.

Bruce (m): That is exactly what your side said when we let this clause go

[redacted]

But the arbitrator ruled otherwise. To leave an open-end clause in giving an arbitrator the right to make changes is just not the way to do it.

Pace (u): I think it is about time we have some reciprocity, because we are not in such bad shape that we just want to say, "All right, everything the company proposes we will do." We are not as desperate as that. [The parties then "passed" the issue, and turned to the problem of plant seniority.]

The company is always looking to the future, and the union has to do that also. We are at the top of the business cycle now and possibly we are going down soon. In the opinion of the committee the company has not offered adequate consideration for the old employees in any seniority proposals to date.

Bruce (m): We have proposed a change that gives all people with five years' seniority as complete protection as possible. All the employees have

that. But when we have a chemical plant, a laminating plant, a power plant, a fabric coating plant, an adhesive plant, a wood yard, jobs involving electrical operations, and so forth, to say we can take people that are laid off and place them in any vacancy is just too much.

Pace (u): While it sounds good to say that employees with over five years will have the opportunity for jobs in the bottom of a sequence, simple mathematics tells us that if there is a general layoff, people with eight and nine years will automatically fill those up and you may have to have as much as ten years to break in at the bottom. The person in the bracket above might have only two years, but he could not be replaced by even a ten-year man.

In our day and age the law gives employees' representatives the right to raise these questions and discuss them. You must contend with them and they take time. Lots of managements tell me they had more trouble among employees when they had complete power to hire and fire, transfer, layoff, power of economic life and death over employees, than they have had when those things were carried out by the union.

My obligation is to arrive at an agreement fair to these employees. If they don't have satisfaction, security, and protection, they are not going to be good employees. If a move can be made to cure two or three of what you claim are evils, that is progress. Something is accomplished and the next year you contend with another problem.

Bruce (m): When we have something that is striking at the real core of management, we feel that is a time we must fight back to eliminate those things that are getting a strangle-hold on the operation of the business.

Leonardi (u): You are not putting people on jobs because you love people. You pick people because you think they are good. If you don't need them any more, our contention is that they stand on the sidelines and be called back when there is a vacancy.

Bruce (m): I can understand why you are representing that side of the table because with that kind of theory no management would last long.

Leonardi (u): Don't tell me you are running a benevolent society that just thinks in terms of employees and providing jobs.

Larson (m) [to President Pace]: What would you suggest, Jim?

Leonardi (u): Don't cut me short, Mr. Larson. If you can't stay with me, you could leave.

Larson (m): I won't leave. I will talk as much as I care to.

Leonardi (u): I would have been completed if you had not interrupted me. I have been overtolerant here today. Unless the company begins to see some of our reasoning, there is not going to be an agreement.

Pace (u): I was going to suggest that there should be further discussion among the committee. When high feelings seem to have been generated, it might be a good idea to adjourn. [The parties took a recess for dinner.]

Pace (u): We are having a very difficult time in agreeing among ourselves. The fact is we are in disagreement. This committee might agree, and then take it back and be repudiated by the membership. That certainly would throw this into a turmoil even worse than now.

In the discussions outside I pointed out that the company feels so strongly about this that they are prepared to let the plant shut down. I don't question that. The company will have to justify its position, so if there is a shutdown it will be a lengthy one. The union is in somewhat the same position. Unless there is an honorable settlement, there is going to be a very lengthy and costly dispute. On that basis I have had considerable discussion with the committee. Some feel that to retreat will result in our being repudiated by the membership. It may not be so, if some kind of an understanding on principle can be reached.

Here is a thought—that the company state that, in principle, they intend to follow, in so far as possible, exactly what the union insists should be a hard and fast policy. Now, it seems that contained in that statement there can be found words that can be agreed upon. I see no other grounds for settlement. Appended to that could be wording that, in the event there seems to be an unreasonable departure from that principle, the union will have the right to discuss it, but not arbitrate the question. I would like to know what the company's position would be on such a proposal. If it is favorable, we might discuss it. If not, it is a waste of time.

Bruce (m): As you indicate, we have said that we were prepared to suffer the worst if it came to that. We certainly hope it does not and we are still trying. We did propose a statement of policy along the lines you have suggested. We are willing to approach it with an open mind. [Recess was taken at 10:00 P.M.]

SIXTEENTH SESSION: AUGUST 14, 9:30 A.M.

[The plant seniority issue was resolved by adopting the company's proposals made on August 2, with the addition of the following "policy" clause:

> In addition to the recall of employees to their old departments, under this Article, it is and will continue to be the general practice of the company to give preference in employment, according to qualifications, to former employees laid off through no fault of their own. In determining qualifications, previous performance on the job and the ability to handle higher jobs in the sequence shall be considered. Consideration will also be given to length of previous service at the plant. The company accepts no responsibility to extend such preference to any person who has been laid off more than two years or who was only a probationary employee. In the event that the union considers that the company is substantially departing from the above practice, the union shall have the right to process the question through, but not beyond, the fourth step of the grievance procedure.

[The final problem regarding seniority involved management's proposal to delete the word "transferred" from Section B under the seniority of the contract.[1] It had not been discussed previously because other seniority issues had not been resolved.]

Pace (u): On that word "transferred," I don't think we had agreement on that.

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[1] See Exhibit 1, Industrial Processing Company (B), p. 462.

Bruce (m): Jim, that is tied up with plant seniority, and we have to insist that it come out. We have never transferred according to seniority.

Leonardi (u): You may say it has not been done, but that is your story. You might say that you did not realize the full impact of this language. You are over 21, and I like to feel that you know what you are doing. For this company to cry continuously that they were taken over a barrel is not a good defense.

Larson (m): Well, Vic, if what you say is so, then we wouldn't have law courts to decide what more intelligent men than we have tried to write. Any lawyer or judge will tell you no contract is better than the good faith of the parties. But what makes us feel badly is the impression we get that on certain clauses in the past you did not show your real intent. I will credit the committee with attempting now to have a clear understanding of any clause we write into the contract.

Leonardi (u): John, I can appreciate the inability to put into a contract all we wish to say, but there is some of our writing which is commonplace like two and two is four. Possibly you and your colleagues cannot understand two and two is four. But I still maintain you knew the full impact of this language; and, supposing you were fooled by us, then the management surely made a bad choice in sending you.

Larson (m): I don't think anything will be gained by prolonging this discussion. If you understand all about it you are a very brilliant fellow, because some pretty smart people have criticized our contract for its ambiguity.

[After further discussion, the conciliator offered the following language:

> If an employee is to be laid off, recalled, promoted or demoted, to other hourly paid jobs, seniority will prevail; but the affected employees must have the ability and job qualifications. If an employee is to be transferred, consideration will be given to length of service in the plant; and in the event any serious disputes exist, the union shall have the right to process the question through but not beyond the fourth step in the grievance procedure.

The conciliator pointed out that it was much the same formula used to resolve other seniority issues. The company took a recess.]

Bruce (m): On transfers we have gone over it again; everyone thinks it is a serious mistake to write anything definite about it in the contract.

Pace (u): Well, Marshall, I am a patient man. But I will tell you frankly that some of my constituents are not as patient as I am. Your committee can be brave. If there is a strike, their salaries will go on. Anything that might happen in conjunction with a strike will not be suffered by them. The only way we can have a perfect relationship on the basis of that type of thinking is not to have a union. But you have a union, and you are going to have a union. There is no perfect setup whereby you can avoid grievances.

There is nothing further for us to discuss on seniority except this one insignificant question of transfer. The company has put some very difficult demands to the union. Those demands are not nearly as important in my eyes as they are to the company and to the balance of the union committee.

Yet both sides have built them up to tremendous significance. Now, it has come to the point where the whole contract hangs on the word "transferred." There has been so much talk that people have lost their sense of values.

I have been thinking that a lot of the relations between this company and the union were the fault of the union. But after this demonstration today on trivial things, in view of the greater considerations, I can see very plainly that the fault does not lie entirely on this side of the table.

Bruce (m): A lot of our trouble has been that at negotiations we did not say exactly what each of us had in mind. That type of negotiating won't pay off. We have discussed the transfer situation up one side and down the other. I don't know whether anything further can be done.

Pace (u): We believe that if the union has been at fault in this continuous bickering and difficulty for the past several years, we should see what corrective steps we can take. Certainly, when the company says that the only way to improve the relationship is to take these things out of the contract so there won't be any grounds for discussion, there won't be arguments because the union won't have anything to argue on. They won't have any voice in the rights and the treatment of employees. After all, that is the fundamental function of this union; that is why it was created; that is why it exists. Yet, while you deplore the relations that exist, you are creating instruments to make them worse. I know that is not your intention. That could not possibly be your intention on a reasonable basis.

[The parties recessed for lunch at 2:40 P.M. In the afternoon, they discussed the merits of a "modified union shop" [1] versus a "union shop." They then agreed to settle the wage-adjustment clause in favor of the company's position in return for the company's granting a 5-cent "inequity" increase (over and above the across-the-board offer of 6 cents) for first- and second-class mechanics. A "modified union shop" and a checkoff—"good for more than one year"—were granted.]

Pace (u): If we can agree on the general wage increase and retroactive pay, we are not going to hang this contract on transfers. Our members did not receive the full increase at the same time employees did in the other plants. It creates a difficult situation for this union. We believe any wage increase should be retroactive to the time it was granted the other plants. In the past the company has opposed retroactivity because they think it promotes procrastination. This is an unusual case and in making our request we are not attempting to establish a precedent.

Bruce (m): Five of the 11 cents has already been granted and we are offering 6 more. This adjustment for the mechanics over and above the 11 cents is a considerable concession. In order to conclude these negotiations, I think the best we can do is to make the 6 cents effective July 25 with the understanding that the transfer clause is cleared up. [The union took a brief recess.]

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[1] One in which all current union members and all *new* employees must be union members. Employees not now members are not required to join.

Bruce (m): Are we through, Jim?

Pace (u): Not quite, Marshall. We are very close and the great generosity of the company can bring it to a conclusion. We believe we can wind up these negotiations if the company will place in effect the 6 cents as of May 25. It will go farther than any other way the company could spend money to create goodwill.

Wygand (u): After all, we have to go back and tell the membership what we have done. We are liable to get shot. Back pay to May 25 might save our hides.

Leonardi (u): Everybody feels that the agreement is a good job, and this committee wants to recommend it, and the pension too. The committee wants to feel that there is no condemnation of them by the members for the delay. So I hope and pray you have the freedom to go back to May 25. Don't give us a quick answer; give us a good answer.

Bruce (m): Vic, as for going back to May 25, we just can't. We have made sizable adjustments for the mechanics, and that is not going to expire in a few weeks as would the money lost to employees since May 25. It is going to be difficult to do anything more, but we will talk it over. [The company took a brief recess.]

Bruce (m): I think we might as well tell you what the final thing is as far as we are concerned, and I hope that you will appreciate it is our final offer. I hope that after we get this close together we don't fail. Based on the fact that it is not going to serve as any precedent, we are willing to go to July 9.

Pace (u): There eventually comes a time when words become worthless. Without discussing it with the committee, I think that in all good spirit we have arrived at a conclusion.

Bruce (m): I am mighty glad to hear that, Jim. We are happy that negotiations have been concluded without any work interruption, and we appreciate the spirit of cooperation shown in the last couple of days. [The negotiations were concluded at 10:00 P.M.]

Discussion Questions

1. Evaluate management's letters and statements to employees and the union's replies.

2. Compare the substance of the "formula" offered at the beginning of the fifteenth session and the timing of its announcement by Union President James Pace for resolving a negotiation deadlock (*a*) with that of Union President O. A. Knight in the comparable situation of the Barrington case; (*b*) with that of management in the General Motors' 1948 negotiations; and (*c*) with that of Personnel Manager Mitchell's offers in the 1947 negotiations at National Food Specialties company. What conditions would you deem prerequisite to effective application of such a formula? Why? Compare Pace's designation of the "minor" issues with your own ranking of the particular issues by the stress given them by local negotiators.

3. What do you think of Pace's proposal for a dinner "recess" during the

fifteenth session? What do you think were the probable central points of discussion between him and the local union negotiators during that recess?

4. What is your judgment of the "compromise" on plant seniority as a lasting solution of the differences involved?

5. Appraise similarly the wage settlement and the modified union shop.

6. Compare the position of management on the issue of plant seniority in this negotiation with that taken by the National Food Specialties company. How would you explain the differences?

7. What specific recommendations would you make to the company regarding conduct of future negotiations and other joint dealings with the PWA–CIO?

LEVER BROTHERS COMPANY (A)

THE OPENING SESSIONS OF THE 1949 NEGOTIATIONS

I

INTRODUCTION

Lever Brothers Company dealt in 1949 with the International Chemical Workers' Union, AFL, as the representative of its employees at four plants located, respectively, at Cambridge, Massachusetts; Edgewater, New Jersey; Baltimore, Maryland; and St. Louis, Missouri; and with the United Gas, Coke, and Chemical Workers of America, CIO, as the representative of its employees at its fifth soap plant located at Hammond, Indiana. In March, 1948, the company had initiated the practice of conducting concurrent negotiations with both unions; the contracts then negotiated were effective to March 14, 1949.

The company felt that for some time it had paid better wages than did comparable industries within each of its plant areas. It took pride in pointing out that for the past thirty years it had been a leader in providing liberal employee benefits. In 1949 such benefits included two weeks' vacation with pay and 7¼ paid holidays each year; paid lunch and rest periods; shift premiums of five and ten cents; time and one-half for Saturdays, and double time for Sundays; free group life insurance; a liberal sickness and accident insurance plan; and a company-financed pension plan.

The company's first recognition of a union as collective bargaining agent for its employees came in 1934, after a bitter strike for recognition, when Lever Brothers signed its first agreement with an AFL federal local representing hourly workers at Hammond. The second contract was signed at its Edgewater plant in 1937 when another federal local was recognized, without an election, as bargaining agent. The Baltimore and St. Louis plants, purchased in 1938, had independent unions at that time. The following year, however, employees at the Baltimore plant changed to a federal AFL local, while the union at St. Louis remained independent. The largest and

oldest of the company's plants, that in Cambridge, acquired in the late nineteenth century, was the last to become unionized. A group of employees petitioned for recognition in 1939, but failed to win in an NLRB election. Within two months, however, the company granted recognition without another election, and a fourth AFL federal local was formed.

In 1944, the International Chemical Workers' Union was chartered by the AFL; and the next year, the unions at Baltimore, Cambridge, Edgewater, and Hammond became local units of this international union. In the same year, as the result of a case brought before the NLRB by the firemen and oilers at the Cambridge plant, a separate bargaining unit was established there as a local of the International Brotherhood of Firemen and Oilers, AFL.

In 1946, Charles Luckman became president of the company. He made several addresses and wrote articles in which he expressed his views and philosophy concerning management-labor relations. Among other things he declared himself for pensions, insurance provisions, and ultimately guaranteed annual wages. He said:

> . . . no one has a right to manage a business unless he believes in labor's rights just as strongly as he does in management's rights.

Among changes in bargaining procedures that became effective in 1946 was the negotiation of the first master agreement between the company and the International Chemical Workers, AFL. The company also inaugurated the policy of having the managers and industrial relations officials from each plant present and participating in these negotiations. The master contract was then supplemented by local agreements covering seniority and working rules negotiated by each plant. To head the management team in negotiating the master contract, the company engaged Austin Fisher, an outside labor relations consultant who had been called in by the company during World War II. As a result of the 1946 negotiations, a general wage increase for all hourly employees of 18%, or 18 cents, whichever was greater, became effective.

Although the 1946 contract was not to expire until March, 1947, the local AFL unions, through their International, petitioned for a wage reopening, and the contract was reopened in January, 1947, when Mr. Luckman, referring to the rapid rise in living costs, invited union representatives to meet with management for the purpose of discussing upward wage adjustments and other contract revisions. H. A. Bradley, president of the International Chemical Workers, AFL, headed the union team. Discussions resulted in a new contract, signed in March, 1947, which stipulated an increase of 15 cents —10 cents across the board and the equivalent of 5 cents for job evaluation. A job evaluation program had been instigated as a joint union-management activity late in 1946. The increase of 15 cents was put into effect at the plants in Baltimore, Cambridge, and Edgewater, and was immediately extended to St. Louis, where the independent union still had bargaining rights.

No agreement was reached at this time, however, with the AFL local at Hammond, Indiana. Its representatives had withdrawn from the discussions

immediately after they commenced in January, 1947, because they felt that the authorization of their membership limited them to discussion of a wage increase only. As a result of their withdrawal, Hammond employees worked without a contract or a wage increase from March until August, 1947.

In the meanwhile, as the result of a petition and an election, the United Gas, Coke, and Chemical Workers of America, CIO, was certified as the new collective bargaining agent at Hammond. The first agreement between the company and this union, negotiated in August, 1947, resulted in a wage increase of 12½ cents, as well as an increase of 15 cents retroactive to March of that year. The 12½ cent increase was then immediately offered by the company to the hourly workers in all its other plants, and was accepted by the AFL unions with the stipulation that a company-wide equalization of rate ranges would be effected when the contract expired in March, 1948.

Concurrent master contract negotiations with the AFL and CIO were held for the first time in March, 1948. An over-all average of 17 cents was gained for hourly paid employees at all plants, consisting of a general increase of 11 cents, plus an additional 6 cents granted for an equalization program, under which rate ranges for the same jobs were to be made identical at all plants. Because of previous area wage differentials, the equalization program resulted in substantially different average increases at the various plants, as follows: Hammond, 11 cents; Edgewater, 14½ cents; Cambridge, 18 cents; and Baltimore, 23½ cents.

Shortly before the beginning of 1949 contract negotiations in February, the independent union at the St. Louis plant received a charter from the International Chemical Workers, AFL, with the result that management and union representatives from all five company plants were present for the first time at the master negotiations.

The total number of Lever hourly employees, as of February, 1949, was 3,093, divided as follows: Cambridge, 1,029; Hammond, 916; Baltimore, 650; Edgewater, 353; and St. Louis, 145.

Before the 1949 contract proceedings began, the Cambridge, Baltimore, and St. Louis plants had almost consummated their local agreements and Edgewater had begun discussions relative to a new local agreement. This procedure was in contrast to previous years when local contracts had been negotiated over a period of two or three months after completion of the master contract. In the case of the Hammond group, however, no local negotiations were necessary since a single agreement covered all matters between the union and the company.

The manner in which the concurrent negotiations were conducted with the AFL and CIO unions should become clear from a study of the following excerpts of the 1949 sessions.

AFL: FIRST SESSION [1]—FEBRUARY 15, 1949

(9:30 A.M.–1:00 P.M.; 2:30–6:00 P.M.)

For the Company

Representing Company Headquarters:

Austin M. Fisher	Labor Relations Consultant
Thomas A. Gonser	Director of Personnel and Public Relations
Gerald F. Gamber	Associate Director of Personnel
Roy V. Shorey	Personnel Manager
William H. Burkhart	Director of Manufacture
W. Wesley Pear	Personnel Research Administrator

Representing Plant Management:

Albert W. Lamprell	Industrial Relations Manager	Baltimore
John S. Boulden	Plant Manager	Baltimore
William G. Brown	Industrial Relations Manager	Cambridge
Gary G. Grant	Plant Manager	Cambridge
George F. Duncan	Industrial Relations Manager	Edgewater
Frank K. Baker	Plant Superintendent	Edgewater
John B. Buckle	Industrial Relations Manager	St. Louis
Maynard B. Bemis	Plant Manager	St. Louis

For the Union [2]

Louis Belkin	Counsel for the International Union
Joseph I. Barrett	Baltimore, President
John A. Martin	Baltimore, Vice President
Joseph T. Healey	Cambridge, Recording Secretary
Joseph A. De Vincentis	Cambridge, Financial Secretary
James Fitzgerald	Edgewater, Negotiating Committeeman, Chairman of AFL Negotiating Committee
Charles Yurco	Edgewater, Negotiating Committeeman
George Reichardt	St. Louis, President
Edmund Marheincke	St. Louis, Financial Secretary

Burkhart (m): Although I have been chairman of the company's committee for several years, I am just a plain soap maker. So I am happy to relinquish my job to Mr. Gamber,[3] our new associate director of personnel, who has had a wealth of experience in industrial relations.

Gamber (m): Thank you, Bill. I think our schedule calls first for exploring proposals and later negotiating on a continuous basis. As usual, Mr. Fisher is acting as company spokesman.

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[1] All sessions were privately held at the Copley-Plaza Hotel, Boston, Massachusetts.

[2] In addition to the negotiating committee, each local had from one to four observers sent from their respective plants.

[3] Mr. Gamber joined Lever management six months before the negotiations.

Fisher (m): Thank you, Gerry. Lou [Belkin], as you probably know, we have a well-established procedure of co-chairing the meetings. If any of the labor representatives wish to be heard, they signify that through you. By the same token, the management representatives will look to me for recognition.

[Brief discussion led to agreement on procedure for correcting the minutes of the meetings. Questions were then raised by the union negotiators concerning the payment of their expenses which the company took under advisement.]

Belkin (u): Mr. Fitzgerald, our chairman, will tell you our demands. You will find we are literally tearing the contract apart because we are extremely dissatisfied with it. A year ago a wonderful understanding existed between the company and the union, but in the past six months a feeling of hostility has arisen. Now, why? I have here a list of complaints that our representatives—

Fisher (m): Let me interrupt. It seems you are creating a setting to justify the demands you are going to serve upon us. I assume you have a series of instances to exemplify what is on your mind?

Belkin (u): That is correct.

Fisher (m): May we have a short recess?

[A brief recess was taken.]

Fisher (m): You were telling us about some things that have gone wrong. We want to know the facts so we, at our end, can form some sort of judgment. Will you try to be specific?

Belkin (u): When I was in Edgewater one day processing a minor grievance, I discovered some things that are really astounding. One was that agreements are being made, so-called gentlemen's agreements—outside the contract, and in clear-cut violation of it. For instance, there is in the warehouse a truck dispatcher's job that calls for stenciling cases. The rate on that job is $1.69. But when some extra help was needed, and a man was moved up from a $1.57 job and put on the truck dispatcher job stenciling cases, the foreman and the shop steward made the agreement that he should only get $1.63. Now that is outside the contract. And I was told that there were other such gentlemen's agreements, but I didn't go into them. I felt the situation was messy enough and I was there to try and get some peace and stability at that plant. But the local plant management took the surprising position that, although some person might do that particular job of stenciling for two or three weeks without interruption, he should not get the rate for that job because the evaluation program assigned other duties besides stenciling to that job rate. As I understand the contract, if you are doing a job within a certain classification—and it is higher than the rate for your regular job—you should be paid the rate for that classification. But the thing that disturbed me was that this was done without the knowledge of the union leadership or of the local management. It was done simply by the foreman and the shop steward.

Fisher (m): We will be interested to receive evidence of irregularities

from any of you, because it is material to know whether or not policies are being followed. By the same token, we want to be sure that there are irregularities and that they are not misunderstandings on your part. Had there ever been any consideration given in the evaluation as to what happens when people stencil full time—has that ever been evaluated?

Fitzgerald (u): Any part of a job, in any classification, can be performed fully for the whole eight hours and you won't have time for anything else. That is just what happened there.

Belkin (u): The answer to your question, Austin, is, apparently, no. As a matter of practice I checked this issue today with locals other than Edgewater, and they tell me the Edgewater situation would have brought the $1.69 rate at other plants. That is, when someone is assigned work of a different classification, paying a higher rate, he gets that rate even though the work involved is only part of that classification. Now, it is this inconsistency that roils me.

Fisher (m): A dispute over an appropriate rate per job can happen any place. But the thing that puzzles me is if the union felt it had been done improperly, why wasn't the matter taken right up through the grievance procedure?

Fitzgerald (u): It was taken to the grievance procedure.

Fisher (m): Why didn't you press it through to arbitration?

Fitzgerald (u): We wanted to bring it up here. There's no reason we have got to go to arbitration when other plants claim they would get the full rate.

Fisher (m): What you are doing is turning a negotiating conference into a supergrievance machine.

Fitzgerald (u): We don't like to do it, as a rule, but when other plants get a deal we think *we* should get it too.

Belkin (u): I was afraid at that time to carry this grievance to arbitration. It would so upset the plant that I didn't know what the consequences might be.

Fisher (m): Let us carry on with some of the other things.

Belkin (u): Recently we had this very, very shocking situation at St. Louis. We had a member whose home was burned and afterwards all his remaining possessions were stolen. The next day he left for Kansas City to get help from his parents. En route he ran into a very bad sleet storm and realized he would be delayed in getting back to the plant. So he tried to telephone the plant, but the wires were down. He finally returned to work two days later, explained the situation in full, and received a disciplinary letter stating he should have notified the company he was going to be away. George can probably tell you more.

Reichardt (u): I would like to make a few remarks. First I want to state that my feeling toward our company has always been the best. I am proud to be a member of the organization, and I appreciate the many considerations extended us. For that reason, when this incident occurred I approached the plant manager as to the possibilities of the company extending

some financial assistance to this individual. He agreed the company did extend certain considerations, but didn't believe the company would consider this case because no serious tragedy was involved. He did tell me he would be willing to present the facts to headquarters in Cambridge. We took up a collection in the plant; but before we had a chance to present it, the man had left for home. I have a copy of the letter received by this man.

Fisher (m): Will you please read it to us for the record?

Reichardt (u): It ends up [reading]: "Please see that a situation such as this does not occur again, or I will have to assume that you do not appreciate your job and the responsibilities that go with it."

Fisher (m): By whom is that signed?

Reichardt (u): Mr. Seeley, process foreman; and later, on seeing him, I said, "Bill, my goodness, how come the letter?" It upset me because I feel toward the boys in the plant just as I do my own people, and when they have trouble I have trouble, and for that reason I was really hurt. After a discussion with Seeley, I saw his attitude was just as stated in the letter, and I am sure it didn't reflect the feeling of the company.

Belkin (u): What was this man's attendance record?

Reichardt (u): He had hardly been absent in his six years with the company.

Fisher (m): I'd like to ask Mr. Bemis his version of the situation. That would only seem fair.

Bemis (m): I gave permission for the collection to be taken because I felt very sorry for this man. I also told George I would contact Cambridge to see if the company would help him out. The next thing I knew the man left without telling anyone. Mr. Seeley, the foreman, thought he had kicked his job in the teeth as well as having a misfortune and felt he should be given a letter. I finally agreed to a mild letter which would just point out to him that he should let somebody know when he left.

The letter itself, as we later explained to the man, is not uncommon practice. We had a bad situation in St. Louis of people failing to report their absence. It has become a normal practice to write them a letter informing them that they should call in before their shift to inform their supervisor they would be absent.

Fisher (m): I might say this—the fact that I, or any of us, do not give you a reaction doesn't mean we haven't one. But I think it is better to confine this meeting to a statement of facts. We feel this is a good opportunity for you fellows to clear the air.

Belkin (u): Before we leave the St. Louis situation, there is considerable resentment in the ranks because foremen are doing work within our jurisdiction as set forth by the agreement, and when they are consulted about it they blow their tops. Objections to their conduct bring no remedy.

Fisher (m): May I suggest a short recess?

[A brief recess was taken.]

Belkin (u): Let us go to Baltimore. There in clear-cut violation of the contract, the company requests men to work overtime and pays them only

the straight rate for the job on which they do overtime, even though it is lower than their regular rate.

Fisher (m): Let us get the facts.

Boulden (m): There is a difference between assigning a man to a job and offering him other overtime work not in his department. If we go around the plant and say, "Here's a job. Do you want it? It pays so much."—then we pay so much. But if we assign a man to a job, we pay him his regular rate or the rate for the job, whichever is higher.

Belkin (u): I most bitterly object to that. From the inception of the labor movement we have fought to prevent one employee from undercutting the rate of another. You haven't any right to offer a job at less than their regular rate under the contract. If I am wrong on that I want to know it before we enter into our negotiations.

Barrett (u): You customarily offer overtime on a take-it-or-leave-it basis, and if we want to work we must do so at the service rate.[1]

Lamprell (m): I think we ought to distinguish between extra work and overtime.

Fisher (m): Under our contract it is an overtime operation if it is in excess of forty hours, or over eight hours in any one day. But what does that have to do with the *rate* of pay? Our contract states on temporary assignments:

"The company shall have the option of promoting or assigning an employee from one job to another, but the employee so assigned shall receive his regular payroll-card rate or the prevailing rate of pay for the work performed, whichever is higher, provided that the temporary assignment shall not exceed five working days."

Lamprell (m): But this is extra work. We are not assigning it to him. We merely ask if anyone wants to do this work.

Fisher (m): And when a man agrees to do something you want, you pay him less than when he does it because you order him to do it?

Lamprell (m): We tell him what the rate of the job is.

Barrett (u): So by being cooperative, the employees get kicked in the teeth.

Boulden (m): If it is a job we really need to have done, we assign a man to it and he gets his regular rate or the rate of the job, whichever is greater.

Barrett (u): It wouldn't be necessary to take people from another department to clean up unless they refused to give people in those departments their overtime rate.

Fitzgerald (u): On extra work, Baltimore has got to get their own contract. It seems to be a management contract! If the Baltimore plant has been doing this thing, they have been going against the contract.

Belkin (u): You gentlemen know what you are doing to the International. You put us in a terrible position. I have to advise our people that there is no question about it. They are entitled to the regular rate for the job.

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[1] Much of the overtime work involved service functions such as cleaning up.

Fisher (m): The question is whether, under the contract, there is any basis for distinction between voluntary acceptance of overtime and assigning a man to overtime work. I see no such basis. It is a question of whether or not the contract is being lived up to.

Belkin (u): There have been so many things that could have gone to arbitration this year that we would have been in a series of arbitrations, one after the other. If that happens, the whole relationship we have been trying to build breaks down, doesn't it?

Fisher (m): You have one of two alternatives when you have a series of complaints, such as we have heard today. Either you follow your contract—protest these things and take them as high as is necessary, even to arbitration—or the local union and plant management have to work out a satisfactory method of coming to a decision. I agree with you that arbitration should be resorted to only when absolutely essential. On the other hand, I do not believe these things should simmer until they reach an explosion point at negotiation time. You've got to either fish or cut bait—and the trouble here is that we haven't done either.

Now, *assuming* that you fellows are 100 per cent right in every grievance you brought to our attention today, why in the name of heaven didn't you get an answer you could sink your teeth into? If you feel you have legitimate cases, they damned well ought to be processed up the grievance procedure. I don't want to be placed in the position of either agreeing or disagreeing with a plant manager about a decision he makes, and I am sure that neither Mr. Gamber nor Mr. Gonser wants to be placed in that position until the matter is properly before his level of management.

Martin (u): At Baltimore, our relations had been very good, but recently things are piling up and we have several more complaints.

Fisher (m): They are going to get every chance to be aired.

Belkin (u): We can't understand what is happening now. The boys will take it as far as the plant manager, and even though they are right, if he says, "No," in the interest of keeping peace, they have been dropping them.

Fisher (m): It is like getting along with your wife. You think when you don't give her that clinching answer in a dispute with her, that everything is fine. Then, one day about two weeks later, after the third scotch and soda, you let her have it.

Fitzgerald (u): We are just about getting our second scotch and soda now.

Burkhart (m): Mr. Belkin, did I understand that these things had just happened at Baltimore recently?

Belkin (u): I heard most of them within the past month.

Fisher (m): Is this overtime procedure new in Baltimore?

Barrett (u): It has been more general this year than in the past, but it has been a subject of complaint for a long, long time.

Fisher (m): Has it ever been presented at any level as a grievance?

Lamprell (m): No. They just came in and chatted with me informally.

Fisher (m) [to Barrett]: Why did you talk to him informally instead of putting through a grievance?

Barrett (u): I thought that that was more or less of a formal complaint.

Fisher (m): Don't you have a written form?

Barrett (u): The only time we make a record is when we meet with the plant manager and when I ask for minutes. But unless I ask for it, it is not done.

Fitzgerald (u): I might add that none of the other locals knew about this until yesterday.

Fisher (m): All right. Lou, would you like to continue?

Belkin (u): I suppose we ought to talk about Cambridge, where we have a series of things that trouble me very, very much. Some of them are outright violations of the Labor Relations Act. For example, the plant manager discusses with salaried employees who are doing maintenance-production work the question of whether or not they should keep their union affiliation. Now, as I understand the law—and I have had some experience with it [1]—that is a violation per se, an outright violation.

Fisher (m): Let us pin this thing down. Can you give us the specific names and situations?

De Vincentis (u): I would rather not give the names.

Fisher (m): Look, Joe, in fairness to all, when you make such serious charges you have to support them completely, or not make them. I can't entertain any complaints of violation of the law without being in complete possession of the facts.

De Vincentis (u): I am not complaining about a violation of the law.

Fisher (m): Counsel is.

De Vincentis (u): But I am not, so I will make it as I see it. Some people in the engineering development department complained to me last week that the plant manager approached them and said they had no reason for belonging to the union, that he could see no benefit they derived from being a member, that they were only paying dues. Now I don't want anything to happen to those people, because if anything does, there's going to be trouble—

Fisher (m): Don't get excited. Nothing is going to happen here. Gary, would you care to comment on this?

Grant (m): Those two individuals are not members of the bargaining unit, and therefore I felt perfectly free to talk to them. There was some uncertainty in my mind as to whether they wanted to be in the bargaining unit, and I went and asked them if that was their decision.

Fisher (m): Who are these people?

Grant (m): Plympton and Swenson in the mechanical development shop. I had found that their dues were being deducted by the company—

Fisher (m): Had they signed a checkoff?

Grant (m): Yes, and the cards had been passed to the company to deduct their dues. Since we had never agreed to deduct dues for people not in the bargaining unit, I went to these fellows and asked if they intended to be in

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[1] Mr. Belkin had previously served, for several years, as a member of the legal staff of the National Labor Relations Board.

the bargaining unit. They said "No," but that they gained a certain amount of seniority security by belonging to the union. I said they gained nothing by maintaining their membership as far as seniority protection was concerned. One man has no seniority because he never was an hourly worker. The other man does have some back seniority, which is guaranteed him by the contract.

Fisher (m): Would you agree with Joe's account?

Grant (m): I didn't say they had no reason for belonging to the union. I simply pointed out they had less rights under the union contract than they apparently thought they had.

Fisher (m): I think it is important to determine whether these people have been covered by a checkoff and, secondly, if, in raising the question of the propriety of such a practice, we are following the proper procedures.

Belkin (u): Quite obviously you are not.

De Vincentis (u): Plympton has been under the checkoff practically since he was eligible to join. I can't say exactly how long for Swenson. They were told if they remained members of the bargaining unit, they would lose all the privileges they now have on a salary status.

Fisher (m): Gary?

Grant (m): I made no such statement.

Fisher (m): I think you see the necessity for getting the facts pretty clearly on both sides, and for everybody to express anything he wants to say on this subject.

Belkin (u): Now, we have these people signed up; and when the company interviews them on the question of whether or not they should be members of our unit, the incident itself is a violation of the Labor Relations Act. Furthermore, when the company points out to them the benefits or lack of benefits in becoming a member of a union, that is a second violation of the law.

If we were to say, for the purpose of argument, that under the contract these men are not members of our bargaining unit, the next step would be, of course, for us to file a petition for representation or request recognition.

Fisher (m): Or to agree by consent to an amendment of the bargaining unit. We have adequate recourse through negotiation to settle whether Swenson and Plympton are to be in or out of the bargaining unit. That is something we can discuss and decide. Their membership in the union, however, has not been, at least in the past, a subject for discussion.

Belkin (u): What troubles me, Austin, is that intentionally or not, you have an undercutting of the union. If it gets out amongst our people that the company goes over the heads of the union leadership to individual members of the union and discusses with them their membership therein, you have a breakdown of what we worked so hard to establish. If we represent these people, you ought to discuss the matter of their representation with us, not with them.

Let's go on to something else. You know, it is kind of funny and embarrassing to bring these things out, but I guess, maybe, it will work out

in the end. Just prior to negotiations, this year and in the past, a plant manager will call in a member of our negotiating committee and suggest to him that he has been over his record, and, frankly, it would be very easy to fire the person involved. The timing is the thing; it comes just before negotiations.

Fisher (m): Will you please be specific?

Belkin (u): I am very reluctant—

Fisher (m): I am very reluctant to entertain it unless you are specific. You are a seasoned lawyer, and you know it is easy to assassinate a character this way. I would like to say that if there is any feeling on the part of people involved in this that anybody in top management has anything but the most objective desire to give them a fair deal, please put it to bed.

Belkin (u): Joe, suppose you tell them what you told me.

De Vincentis (u): I am a bad boy, I guess. Shortly after several meetings on a series of grievances, I happened to be working on the job when I was called and told that the plant manager was looking all over for me. I finally met him, and he gave me a sad tale of woe, how bad my record was, and that I had such a terrible record I could be fired for it. Then he asked me if it was unfair to bring that up at that time. I told him it was because at that time we were in the middle of the third step of a real hot grievance. I think it was the wrong time to approach me on my record. I am well aware of my record.

Fisher (m): Gary, would you like to give your version?

Grant (m): We had occasion to locate Mr. De Vincentis during his regular working hours in connection with a grievance. We started looking for him about twenty minutes after 6:00, and we were unable to find him. We put the call bell on him and sent out for his supervisor to come in and check the equipment which was running and which was supposed to have been shut down at that time of day. As the supervisor came into the plant, he met Joe coming in from the outside, and it was perfectly obvious that he had been absent for some hour and forty minutes. We had been having other disciplinary cases for this kind of thing during the past year or two; and since, in this case, most of top management were aware of it because they were waiting for us to get hold of him, I felt I couldn't ignore the situation. I might say we have pretty conclusive evidence that he hasn't been in the plant on other occasions. Realizing that here was a delicate time to take the normal disciplinary action, I sought counsel from my superiors. It was their suggestion that I point out to Mr. De Vincentis privately that the usual course of disciplinary action in his case would be very embarrassing to the management. I said it was the first time I had to go to the record of any member of the committee, that I was surprised at that record, and that, had he not been a member of the committee, the record probably would have resulted in his separation. I told him I didn't feel it was fair on his part to put the management in that position, and I still feel the same way about it.

Fisher (m): Are there any other facts that ought to be brought into this? Or other similar instances?

Healey (u): It has been common practice, since we started to organize the plant, to try to intimidate members of the negotiating committee.

Fisher (m): Joe, I would like you to be specific because this is the first time I have ever heard a charge like that in all my years here.

Healey (u): I will be specific. During negotiations, before we ever had a master contract, prior to the present plant manager, the supervisors spoke to each committee member to influence him on the action of the union, and their demands. The former plant manager interfered with the union in many ways.

Fisher (m): Who was this man?

Healey (u): Mr. Cove.

Fisher (m): Heavens! Let's take the present day. Mr. Cove is dead, rest his soul.

Healey (u): I have nothing against him. I always admired the gentleman. When he made a statement, I could take his word as truth, and he wouldn't double cross us. But I claim that members of the negotiating committee and stewards were intimidated in the past. Also, a candidate for the presidency of our union was asked to run and was financed by the former plant manager, and even the watchmen were asked to give his cards out when we were away on negotiations. We have had bad experiences on interference and the membership feels very strongly on the subject.

Fisher (m): Are there any recent conversations attempting to intimidate members of the negotiating committee? I don't want to go back to Cove or antediluvian stuff any more than you want us to. If not, shall we recess for lunch?

[A luncheon recess was taken.]

Fisher (m): Well, Lou, in connection with items mentioned this morning, we want to know the facts and what you think. We want also to do the right thing. It is not necessary to labor that point after some ten years with the company. We will do the right thing, Lou, because we have to live with ourselves, and not because we want to please or displease the union or any other group of people. If there have been errors, we will try to correct them. But, just as you are inclined to be indulgent of shortcomings in your organization, you have to permit me the same luxury. No organization is perfect and all individuals will occasionally make mistakes. Our intentions are of the utmost of goodwill. Now let's get back to some of these things that you raised. I'd like to ask Mr. Grant to repeat what he told us during the recess about questioning employees outside the bargaining unit.

Grant (m): A week or so ago in our local contract negotiations the union said they intended to ask for inclusion in the bargaining unit of some salaried employees—paper cutters, stationery clerks, and printers. I called these employees together and asked point blank whether they wanted to be included, and they said "Yes." I told them that was all I needed to know and that I would act accordingly. And so I did. I told the union of my willingness to take those people into the bargaining unit.

Fisher (m): You mean the company's willingness or your personal willingness?

Grant (m): Well, my personal willingness on the assumption they would be negotiated for in the master contract negotiations, of course.

Fisher (m): Is that substantially correct as you understand it, Joe?

De Vincentis (u): Yes.

Fisher (m): All right. There seems to be no need to investigate that one any further. Before we recessed you told me you wanted to discuss the veterans' situation.

De Vincentis (u): Well, when they were coming back in '46, they were all called into the plant manager's office to get their check—the company presented almost every returning veteran with a check for four weeks' pay. A good many of them saw Mr. Grant, and this is what we got back. This is Grant speaking: "I am a veteran of World War I. You are a veteran of World War II. My sympathies are all with the veterans. You know there is a union here, and in your union you've got a couple of dictators. And you can make changes when the election comes."

Now, from that time on, we had a hell of a turmoil in our local between veterans running an all-veterans slate trying to disrupt the organization.

Fisher (m): Gary, this is ancient history, but do you have anything to say?

Grant (m): His account of the conversation is somewhat wide of the mark. There were one or two cases where veterans were dissatisfied with the jobs which had been allocated to them. At that time, you will recall, there was a widespread disagreement between Veterans' Administration circles and union circles over the proper placement of a returning veteran. I pointed out to those fellows that we were going along with the union because we had to get along with the local union and that, if any later court decisions changed the situation, the company would abide by them. I said I sympathized with their position as a veteran but that there was nothing that I could do about it. I also said if they didn't want to go along they could try legal recourse against either the company or the union.

Fisher (m): All right. If there are no further comments on 1946, we will proceed to the charge of alleged interference with the local union president. Dan, we are going to talk about you.[1] What is the trouble?

Daly (u): Well, I had this out with Mr. Grant at the time it occurred, and we had quite a heated session. One day C. Coyne, the shop steward in the Rinso department, told me of a situation there and asked me to see what we could do about it. I went up to see what the situation was and decided to bring it to the plant manager's attention. I went down to his office and he said he would look into the matter.

In the meantime Mr. Coyne brought to my attention another situation on which I had to see the Rinso foreman. Mr. Grant didn't know about this.

Fisher (m): This was a part of your function as a grievance committeeman?

Daly (u): That's right. I tried to settle a grievance of an old-time employee, but in that case there was evidently no basis of complaint. Well,

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[1] Dan Daly, president of the Cambridge local, was present as an observer.

just as I turned to go, Mr. Grant said, "Now, I'll settle this. You made your complaint. Why don't you go back on your job? What are you doing here?" I was amazed. I didn't expect it from him. I didn't know what to say for a minute, and then, all of a sudden, I boiled and tore right into him, and he came back on me.

We used to enjoy a beautiful relationship and everything was good. Now, there must be a change because, when he saw me, he was white in the face and he said, "You get right back on your job." He wanted to know whether I had informed my foreman that I was going on this grievance, and that is one thing I do all the time.

I had it out with Mr. Grant and went through the plant and everyone talked about it. I understand he said I humiliated him in front of a lot of people. The feeling was mutual because he certainly tried to humiliate me in front of a lot of members, and I don't stand for that without a fight.

Fisher (m): Thank you very much. Gary, what would you like to say about it?

Grant (m): Of course, it is a long story and it is hard to go back and pick out individual things. I was surprised to see Dan there and I said something like, "You registered your grievance, and I said I would look into it. Why don't you run along back to your department and let me take care of it?" As he states, I didn't know he was there taking up another grievance. I disagree with him about any great amount of argument on my part. I listened to about ten minutes of invective from him and I told him that I had heard of his talking the same way to various foremen in the plant and that I didn't like it.

Fisher (m): Let's put that one to bed. You will find in any large organization that discourtesies crop up occasionally, and on both sides. But certainly, after all these years you can't have much doubt about your position and the affectionate goodwill in the lives of this organization. It is a hard thing to understand why adult men bicker about things, because certainly we all realize that things don't get settled that way.

We have made a record on problems that have been bothering you because we want to know what the facts are and, secondly, because we want to take whatever action is indicated after we have had a chance to study them. I think I can say this. There is no change in company policy, either in its attitude toward your union, or in its attitude toward you as individuals, or in its attitude toward the other employees whom you represent.

De Vincentis (u): If that is true, then why did Mr. Grant at one of those foremen's conferences ask all the foremen what demands the union was going to make on the company? The foremen—some of them—went around the plant asking what demands the union was going to make on the company. That should come up at contract negotiations and not in the plant level between the foremen and—

Fisher (m): I quite agree with you. Let's be realistic, Joe. In past negotiations we felt we had such inadequate information as to what the union proposals were going to be that we were very often forced to a hasty

consideration of the things you presented to us. For that reason we asked our plant managers to anticipate in so far as they could the probable nature of your demands. That we regard as a sensible way of guiding our own discussions.

Now that was not a signal for the plant managers or the foremen to engage in improper activities. But to the extent that they had information as to current attitudes of the employees, we felt, and still feel, that it is perfectly proper to ask them what they think is going to happen. So don't blame Gary for that. If there is any blame, it rests in the fact that the foremen misunderstood the nature of his question and attempted to convert a legitimate question into an improper type of investigation among rank and file employees.

Belkin (u): Well, of course, you know it is a dangerous thing to do. If you want that information, the plant manager can always talk it over with the local committee. But when you go into the matter of questioning our members—

Fisher (m): You don't have to say any more because I agree that it is an improper thing for a foreman to question a union member about a plan. Let me quote from the directive Mr. Burkhart wrote to all plant managers prior to the time that we started to have these talks with the foremen.

"These discussions with your staff should be on a positive basis. That is, we do not wish to break down our excellent relations with our union, nor to sabotage their contract or program. But our desire is purely a constructive one to improve the union contract from both a management and a union standpoint so it can be administered more successfully for each of the parties involved."

Now, let me explain what went into that. Many of our foremen, we found, were not entirely familiar with our contract, and that was our responsibility. It was something we wished to correct because we felt we could not rely upon them for accurate administration of an agreement which they didn't understand. Just as you solicit from the rank and file of your own membership, so, too, we felt an obligation to solicit the views of our foremen, who are as much a part of our organization as your members are a part of your union. We thought it was intelligent to attempt to secure a greater participation by the foremen in the business of creating policy. Therefore, the foremen were asked for their opinions. In those cases where we disagreed we told them we disagreed and explained why. All we were trying to do was to create a better level of understanding, greater appreciation, and a greater sense of participation.

I understand that when you undertake a change of that sort there is always danger that it is going to be misconstrued. Now, if they have been irresponsible, the company is in some respects at fault for not having brought them into this thing sooner and more in detail. We have told them before and will repeat a dozen times if necessary that we mean this thing to be a constructive move; we don't want to disrupt, but we do want to bring our labor relations up to an adult relationship.

Reichardt (u): While we don't have much trouble, we do have a few foremen that more or less have done this too.

Fisher (m): Conducting things at an honorable and self-respecting level is what we have always striven to do. This is your first major negotiation, Mr. Reichardt, but I think the record will bear out my statement that we have at all times treated you the way we hope to be treated ourselves. If individuals are guilty of unseeming conduct, do us a favor and let us know about it. If we have a similar problem with any of your people, which, frankly, occurs very rarely, we are going to do the same thing for you. And I am sure that we can very quickly straighten out any rudeness or incivility.

Belkin (u): While we are winding this thing up, I might say our people are touchy and fidgety. We are faced with layoffs now in a greater number than we have ever had, and that is bound to make us fidgety. And, secondly, we sort of feel—although you say that isn't so—that there is a change in management policy, and the closer to headquarters you get, the more accentuated it is.

Now, no one of our people here has any personal resentment against any plant manager. Mr. Grant has been criticized, but, frankly, we feel that because he is closer to your main office he is pushed into a position where willy-nilly he has to act a certain way. That is the story to a lesser degree up and down the line. We don't want any reassurance from you, but if it is true we will meet it as best we can.

Fisher (m): You don't have to worry about that, Lou. And I would know whether it was true or not.

Belkin (u): Frankly, Austin, we wonder if you would.

Fisher (m): I would not be here unless the management told me what their policies were. I have over a period of years been personally close to Mr. Luckman and the members of his top management, and I don't know of any changes in policy or attitude.

Burkhart (m): Perhaps my reassurance would help. After all, I do transmit all policy to the plants, and I can assure you that I know nothing about any policy change.

Fisher (m): It might interest you to know that in several other places where I have negotiated contracts and where I enjoy a pleasant relationship with the union and with the company, I have hit just this sort of thing, particularly during the last six or seven months. I don't think it is just a coincidence that at about that time our national economic picture started to change a little, carloadings started to drop off, and unemployment payments started to rise. I wonder whether all of us aren't suffering from a slight state of jitters brought on by a change in the economic picture and by worry about what is happening abroad. Up until the middle of this last year consumption levels for our products and for the products of many other companies were at all-time highs; the backlog of orders was very great; and inventories were inadequate to meet consumer demands. We were all riding a wave of optimism. Then along about the middle of the year a change occurred, and people began to wonder.

Now, you fellows know you have your worries. Well, company executives also have theirs. Perhaps when you both start to worry, you get a little tense toward each other and assume there is a change of attitude when what has really occurred is that some of the old ghosts came back to haunt us.

I hope if this three or four hours we have put in today accomplishes anything, it may be a recognition on both sides of the table that these intangibles have a way of clouding the relationship. It might be good for us to sit down together and take stock of it before we let our nerves get the better of us.

In passing over these grievances, I don't want you to think that they are forgotten. They are not forgotten. We will consider them and we will recommend appropriate action in due course. But let us, at least, try to enter these negotiations with the air clearer than it was.

Barrett (u): I want to, in a sense, set the record straight on one remark. On that letter that was sent out to plant managers about what the union officers have on their minds. I think if Mr. Boulden wanted to know, he would have called the boys in and said, "Well, boys, what are you thinking about?" Our local relationship has been good. I know that neither Mr. Lamprell or Mr. Boulden would do anything like sending such a letter to that fellow in St. Louis.

Belkin (u): I would like at this time to begin the negotiations on the contract by telling you what we would like to see. To begin with, I was late at the meeting our people were having yesterday afternoon, and I am acting as spokesman for only a portion of our requests or demands upon you. Our people are instructed to straighten me out when I go astray.

Fisher (m): Just so long as we can have it understood that we have a full picture of what you want.

[Mr. Belkin and Mr. Fitzgerald then went through the entire contract, paragraph by paragraph, indicating desired changes, deletions, insertions, and clarifications involving half of all the contract provisions. At times other local union representatives were asked to develop a point that often entailed reference to a dispute which had arisen during the year or to differences in interpretation among the various plants.

Major wage demands were: a 10% general wage increase [minimum rates: $1.20 per hour for light task common labor, $1.40 for common labor, $1.95 for top-rate craftsmen]; [1] shift premiums of 7 cents and 15 cents [5 cents and 10 cents]; bonus of 2½, 5, 7½, and 10 cents per hour for each 5, 10, 15, and 20 years of service; reduction of 13 evaluated labor grades to 10, each with 10-cent differentials [75-cent total differential]; and liberalization of overtime provisions. Other demands included: 12 paid holidays [7¼]; pay for 3 working [calendar] days immediately following a death in the family; vacations of 1, 2, 3, 4, 5 weeks after 6 months, 1, 5, 10, 15 years of service [1, 2, 3 weeks after 1, 3, 10 years]; one additional paid holiday for each employee for each year of service with the monetary equivalent of any days not taken to be given as a Christmas bonus; and severance pay of one

[1] Provisions of the contract in effect at the time are bracketed.

week for each year's service regardless of reason for leaving [physically disabled or ineligible for a pension]. Other economic demands included more liberal company-paid hospitalization and medical insurance, and a contributory pension plan [company-paid] to be expanded by tie-in with length of service and convertibility of an increased paid-up life insurance policy.

The important noneconomic demands included the following: inclusion of stationery clerks and printers in the bargaining unit; union shop, irrevocable checkoff, and company collection of all dues and assessments when permitted by a change in the Taft-Hartley Act; elimination of all provisions relating to no strike and no lockout, management's rights, and arbitration; full five-day work weeks; no work to be subcontracted outside of the company; job evaluation to be accelerated by specified time limits; and the union to be represented equally with management in the administration of insurance and pension programs.

Language changes to incorporate current practices in the contract were: inclusion of the St. Louis union and recognition of the union as the bargaining agent. Clarifying language was requested on provisions covering: fair requests for overtime work, absentee relief, pay for reporting time when a man was sent home by the nurse, temporary assignments, and scheduled work days preceding a Tuesday or following a Thursday holiday.

Throughout the presentation of the union's proposals, Mr. Fisher maintained a jovial atmosphere.]

Fisher (m): I would like to suggest we recess for a bit to give us a chance to discuss these extremely moderate proposals. Perhaps we will come back with some equally moderate proposals.

[Recess.]

Fisher (m): We have given due consideration to your request, which, it may interest you to know, involves 43 changes, 15 eliminations, and 4 new benefits, a total of 62 new items which you have interjected.

We think you are a hundred per cent right. However, before we make that concession formally, there are a few items we want to bring out, and I am going to ask Roy Shorey to explain that phase of it.

Shorey (m): I would like to give this memorandum to the stenographer and let it go in the record as a recitation of the company's proposal.

[Mr. Shorey then reviewed the company's thirteen point memorandum which involved three changes in substance and ten changes in language which incorporated, defined, or clarified in the contract existing clauses and practices. Substantive items were: limitation of the bargaining unit to hourly paid employees,[1] extension of the thirty working day probationary period for new employees, and discussion of policy on leaves of absence [u].[2] The language changes provided for: *inclusion* in the contract of further job evaluation procedures [u] and advance notice of expected absence; *definition* of lay-

[1] This would involve reclassification of some jobs from salaried to hourly rated work at the Cambridge plant.

[2] [u] Indicates items also included in the union demands.

offs (as distinct from shutdowns) and of eligibility for holiday payments; *clarification* of reporting time [u], allowance for relief and lunch periods on overtime shifts [u], and of the paragraph establishing subjects for local negotiation [u]; alignment of the beginning and end of the vacation year with the normal work week; removal of the clause outlining the company's action, when an employee's work was below standard, from the disciplinary section to a new section called Workmanship; and removal of two paragraphs, now unnecessary, which had been incorporated the previous year into the formal benefit program.]

Belkin (u): There is a very strange omission here, gentlemen—nothing is said about wages.

Fitzgerald (u): Have you another paper to go with this one?

Belkin (u): Do I understand, Mr. Fisher, that you are not making any offer on wages at all?

Fisher (m): No, we are not making any offer on anything except those changes which we desire to initiate at this time. In other words, we were submitting to you our list of contract changes. We have received your list of contract changes. That, then, places us in a bargaining position.

Fitzgerald (u): And this is the company's total?

Fisher (m): No, don't misunderstand this. This is not a counterproposal. These points represent problems we wish to consider. Just as you have not given an indication with respect to our proposals and you are retiring to consider them, so we, too, do not indicate any position on the proposals you made at this time. We merely accept them, try to understand them; then we will retire to deliberate them.

Fitzgerald (u): Do you intend to come back here Monday and hand us another proposal, or work on the contract?

Fisher (m): We will go right to work on the contract, I think, although I want to reserve flexibility for the company to do whatever it thinks advisable on Monday, just as you want to reserve flexibility for yourself. May we have a recess?

[Recess.]

[After the recess Mr. Gamber explained that management had taken under advisement the suggestion made that morning about the number of delegates and their expenses and had decided to offer each local two options: (1) the company would pay all expenses of three delegates or (2) all expenses of two delegates and transportation for two observers. Under either option all such representatives would be reimbursed for any wages lost during the period of negotiations.]

Gamber (m): We are somewhat taken aback by the number of items suggested in the new contract. We would just like to mention that, starting next Monday, we have only two weeks in which to get the new contract in shape for presentation to your membership on Sunday, March 6th, which I take is an advisable thing. We also have another group to meet with, as you fellows well know, so presumably a portion, up to a half of the time, will be spent with another group.

We would like to have you, by Monday, consider taking another look at the items presented by you toward eliminating, possibly, some items which are going to clutter up negotiations considerably. We would like to sincerely get down to work Monday; but with the number of items we have to discuss and the number of hours allotted, I wonder how we are going to progress. We would like to suggest that your group stay over tomorrow and organize their thinking on specific changes desired.

Gamber (m): If you do stay over, we will treat it the same as Monday or today as far as expenses are concerned. It would be well worth the time spent and would save us a lot of time later on.

[A recess was taken at the request of the union.]

Belkin (u): Mr. Chairman, after due deliberation we found considerable merit in the suggestions of Mr. Gamber, and we are going to take advantage of them and stay.

De Vincentis (u): How is this thing going to work next week?

Belkin (u): It might be a better thing to meet next week without any interruption from Hammond, and then you meet with Hammond the next week.

Fisher (m): We have a problem. If we negotiate with you the first week, the Hammond group feel they have been discriminated against, and if we negotiate with the Hammond group, you feel you have been discriminated against. Under the circumstances, it seems wisest, based on past experience, to keep the negotiation on a parity of speed. And I am sorry that there aren't any more hours in the day, but from my point of view, it is the best we can do.

Belkin (u): If that is the best you can do, there is no more we can say.

Gamber (m): Would it be possible Monday for the union to have something in writing on your proposal as a result of your meeting tomorrow? Might we look forward to that?

Fitzgerald (u): That I can't tell you. But we intend to go over our contract and do the best we can with it.

Fisher (m): I want to reinforce something, Fitz. You have a hell of a lot of proposals, and if it is possible to eliminate some of them, it will accelerate our discussions.

Fitzgerald (u): We realize that.

Fisher (m): We have tried not to create for ourselves too much of a bargaining position and have confined ourselves to a reasonable number of points. Frankly, you made some proposals that I don't think any of you, in your wildest dreams, expect to get. So cut out the clowning and get down to business.

Fitzgerald (u): If the company is sincere in its efforts, it will get good cooperation from the locals.

CIO: First Session—February 16, 1949

(10:00 A.M.–11:45 A.M.)

For the Company

Representing Company Headquarters:

Austin M. Fisher	Labor Relations Consultant
Thomas A. Gonser	Director of Personnel and Public Relations
Gerald F. Gamber	Associate Director of Personnel
Roy V. Shorey	Personnel Manager
William H. Burkhart	Director of Manufacture
W. Wesley Pear	Personnel Research Administrator

Representing Plant Management:

William E. Oyler	Plant Manager	Hammond
Robert J. Barr	Industrial Relations Manager	Hammond

For the Union

Paul Stawicki	Organizer, Chemical Workers, CIO
Michael Krapac	President, Local Union
Harry J. DeFrates	Member of Negotiating Committee
Russell Hammond	Member of Negotiating Committee
Albert F. Kukral	Member of Negotiating Committee
Herman M. Loden	Member of Negotiating Committee
Carl G. Rumps	Member of Negotiating Committee
Elmer W. Smith	Member of Negotiating Committee
Walter J. Swentko	Member of Negotiating Committee

Burkhart (m): We welcome you here for negotiations. Since I have been chairman of the management negotiating committee for several years, I am relinquishing my position to Mr. Gamber. Unfortunately, he had to leave town, but at subsequent meetings he will take over. Mr. Fisher will again act as company spokesman.

Fisher (m): We are glad to have you here again and extend to you, Mr. Stawicki, a special word of greeting since you are new. As you know, we are carrying on concurrent negotiations with the AFL. We would like to continue our past practice of alternate meetings so that neither organization gets any edge. We want to deal with both fairly.

If you wish to go off the record, it is your privilege and ours, too, so the record won't block complete, frank disclosure of anything on anybody's mind. Both sides will reserve the right to call for a caucus whenever they see fit. We are prepared to spend whatever time is necessary in exchanging ideas of what should go into a new contract. Since you fellows served notice of your desire to make changes in the contract, may we ask you to tell us what you have in mind?

Stawicki (u): We are prepared to give you a complete proposal.

Fisher (m): As you go along, we will interrupt to ask you questions. But we will not debate today on the merits of any issues. This is a meeting just to state positions.

Krapac (u): All right. We will now distribute copies of the proposed changes.

Fisher (m): Thank you. May I congratulate you all on your workmanlike way of presenting it.

[Mr. Stawicki then offered the union's contract proposal incorporating the following economic demands:

1. A wage increase of 27 cents per hour.
   [Minimum rates: $1.20 per hour for light task common labor, $1.40 for common labor, $1.95 for top rate craftsman.][1]
2. Shift premiums of 10 and 15 cents.
   [5 and 10 cents.]
3. Double time for any work done after eight hours in any 24-hour period or on Saturdays.
   [Time and one-half for such work.]
4. Double time, in addition to holiday pay, on any holiday worked.
   [Holiday pay plus time and one-half.]
5. Nine paid holidays plus Presidential election day.
   [Seven paid holidays plus Presidential election day.]
6. Paid vacations of one, two, three, and four weeks after six months, one, eight, and twelve years.
   [One, two, and three weeks after one, three, and ten years.]
7. Vacation compensation based on 2% of annual earnings for each week of allowed vacation.
   [Based on straight time weekly earnings for each week of allowed vacation.]
8. Amendment of pay plan for those absent because of sickness to include pay for first week if the absence exceeds a total of two weeks.
   [Full pay for 13 weeks in any 52-week period; an extra week for each year of service over 10 years up to a maximum of 26 weeks; payment for first week only if absence exceeds 30 days.]
9. Eight hours' pay for an employee "called-in" for whom no work is available.
   [Four hours' pay.]
10. Free lunch period after six hours of overtime.
    [Paid lunch period with food sold at cost and cafeterias operated at company expense.]
11. Pay for three working days for absence in event of death in immediate family (including in-law's); pay for one working day in event of death of any other relative.
    [Pay for three working days in event of death in immediate family.]

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[1] Provisions of the contract in effect at the time are bracketed, following each union proposal.

12. Amendment of pension plan to permit all employees to work until they have completed their 65th birthday.
[Noncontributory pension with benefits approximately 1% for each year of service based on highest earnings prior to retirement; retirement on anniversary date of hire nearest employee's 65th birthday.]
13. Pay for time lost on jury duty.
[Current practice, but not specified by contract.]

The union's noneconomic demands were relatively few: (1) incorporation of power house engineers into the bargaining unit; (2) reduction of the probationary period for new employees from 30 working days or three months, whichever was shorter, to 30 calendar days; (3) checkoff by the company of union initiation fees in addition to the monthly dues which were already checked off; and (4) deletion of clauses stipulating the conditions which the union had to perform in the event of an unauthorized stoppage in order to be free of liability.

After Mr. Fisher had again congratulated the union on "as nice a job as I have ever seen done," the company requested a recess.

Following the recess, Mr. Shorey presented on behalf of the company a written list of proposals which were practically identical to those given the previous day to the AFL group with the addition of a proposal to reword the provisions of one step in the grievance procedure to conform to existing practice. This revision, as well as a similar one relating to job evaluation procedures, had also been included among the union's demands. The company emphasized that its suggestions did not represent substantive changes in the contract, but rather formalization of existing practices. The union agreed to consider the joint productivity plan (originally suggested by the AFL) which was being considered at the other plants. Each party was to consider the proposals of the other before the next meeting.]

CIO: Second Session—February 21

(10:45 A.M.–1:00 P.M.)

Fisher (m): Gentlemen, we have gone over your proposals, and once again want to reiterate our admiration for the businesslike way in which you presented them. We assume you have the greatest interest in your economic proposals, but we are not at all clear what justifications you feel you have for them. We think you ought to tell us.

Stawicki (u): One of the important reasons is cost of living. While it has been decreasing recently because of meats and poultry, we feel meat soon will shoot up again due to recent weather conditions. Electricity and other fuels have increased. Rents have increased 7%, wearing apparel 4.7%, and miscellaneous items 8.2%. These figures are from January, 1948, to January, 1949. We want wages increased to restore buying power to the level of June, 1946, when OPA was discontinued.

Yearly earnings must equal $3,500 if a city worker is to provide the necessary minimum for his wife and two children according to BLS figures.

That equals $1.75 per hour based on 50 weeks at 40 hours a week. When wages lag behind this minimum budget, a worker's family does not receive enough food, clothing, or medical care. They not only suffer, but the nation as well.

Still another reason for our request is that savings people accumulated have diminished. People have been cashing in their war bonds, and so forth. Also, the last three rounds of wage increases have been absorbed by the increased cost of living, and later on we intend to show that firms are granting fourth-round increases.

Fisher (m): You have made a series of points. Let's discuss them one by one. First, let us see if we can agree on what has happened to the cost of living over a period of years, with particular emphasis on the last few months. We have prepared, as in the past, a series of charts. Let's see if we can agree on what they mean.

One chart shows the relationship between the cost of living and straight time rates. We have taken a cost of living index which are government figures—and created an index of straight time rates in the Hammond plant. The cost of living climbed to an all-time high of 179.4 in September, 1948, and then dropped to 175.4 in December, the last figure available. This three-month drop represents the first persistent decline in a 10-year period in our economy. Now, we would like to ask you what evidence is there that this decline isn't going to continue?

Stawicki (u): A great part of the decrease is due to seasonal buying and selling that occurs almost every year at this time. Another reason is because quite a few people throughout the country have been laid off.

Fisher (m): Okay. You say the cost of living may reassert itself. Your wholesale index on food hit a high of 450.1 in January of 1948, and in January, 1949, it was down to 282.7.

Stawicki (u): But there is no guarantee it will continue to decrease.

Rumps (u): Take the price of automobiles. A medium priced car has increased about $400 in the last 12 months, and it appears that the price will be further increased.

Fisher (m): You know, Carl, during the war when the prices of food were going up, fellows on the bargaining committees would always scream about pork chops. Now that food prices are going down I expect to hear about the cost of automobiles. The point is that your food prices are down. Your wife knows it, my wife knows it. Your wholesale food indexes, which are an indication of what we can expect, are down very substantially. The estimates of the United States Government with respect to meat prices don't square with yours.

Stawicki (u): Maybe the food dollar has increased somewhat, but that's not true of other commodities.

Fisher (m): What you are saying is that you have a rise in some things and a drop in others, but really the cost of living has declined. I don't know whether anybody is really challenging the government figures on the cost of living—

Stawicki (u): We don't; we know it has decreased to a certain extent.

Krapac (u): The increase of loans in our credit union is the greatest it's ever been, and that's because people can't pay their bills and because the 40-hour week has been strictly adhered to.

Fisher (m): I would say you fellows haven't been on a strict 40-hour week since about March of '46. You are now averaging between 45 and 40 hours.

Krapac (u): That may apply to certain groups of people, the mechanical department, the machine shop downstairs, because of the new machinery you have been installing. That doesn't apply to the production people.

Stawicki (u): Companies are all coming to a 40-hour week, and I assume this company is also thinking along those lines.

Fisher (m): In the last few months our trend has been away from it, as far as the Hammond plant is concerned. But getting back to this cost-of-living problem, I think it would interest you to see what would happen if the cost of living continues to decline, as it has declined, during next year. Supposing we project it at the average rate of decline during the past three months until next December. Your cost of living would then be at 149.4 as opposed to 174.4 at the present time.

Stawicki (u): A thing like that will never happen.

Fisher (m): At least the evidence points more in the direction of that happening than of the trend being reversed. We are talking about a wage structure for the forthcoming year, and when asked your reasons you say—"cost of living." We find it difficult to see how cost of living can justify a wage increase.

Krapac (u): Mr. Fisher, the fourth round hasn't been granted yet, and when it is, that cost of living will go up.

Fisher (m): I wonder. General Motors is due for a wage cut by operation of its contract.[1] The attitude of the GE negotiations which started this morning—it's on the front page of your newspapers—is that they don't see any justification for an increase. So, whether there is going to be a fourth round is doubtful.

Stawicki (u): Some industries have granted the fourth round already.

Fisher (m): How has Lever compared with other industries on the first three rounds? It may be quite possible that other companies will grant some fourth-round increase, but I think this chart will show you why. These are figures that are taken from government sources; they are not our figures. Since V–J Day we have granted increases at Hammond of 58.5 cents per hour, an awful lot of money. Petroleum, one of the highest wage paying industries in the United States, has granted only 57.1 cents; steel, 47.6 cents; 45.6 cents for farm equipment; wool manufacturing only 45.5 cents, and so on all the way down the line, the lowest being 41 cents as against a Lever increase of 58.5. The significance of this chart is that many industries have been considerably less generous in the first three rounds than we have been. It is not the *number* of increases that counts. It is the *amount* they give.

[1] See General Motors Corporation: Negotiating the 1948 Agreement, pp. 359–375.

Krapac (u): Then I think you should have compared Lever Brothers at Hammond with our area's petroleum industry rather than the entire nation.[1]

Fisher (m): Over a period of years we have tried to indicate that the economics in the soap industry didn't necessarily follow the petroleum industry. While the wages paid to the petroleum industry are a factor, we have said we weren't going to be tied wage-wise to the oil companies in the Hammond area.

Stawicki (u): The petroleum industry at Hammond sets the pace of living.

Fisher (m): All right, let's discuss that.

[Mr. Fisher read off the names of nineteen companies selected for area comparison.]

Those companies were selected because they are the largest and most progressive companies in the Hammond region where our employees live and work, and I think you will admit that that is fairly fast company to compare ours with. May I add that it was your union's suggestion that this group of plants was chosen.

Here is the picture. Your area's weighted average in 1948 was $1.19 per hour. Before we negotiated last year, our weighted average stood at $1.33. In other words, we were 14 cents ahead of the area. During 1948, adjustments were made in these companies up to $1.33. After negotiations, our wages jumped to $1.49. We are now 16 cents ahead of the area as far as your common labor is concerned.

As you know, your common labor is a very good base to jump off from because it sets your entire structure. Now, when I say "weighted," I mean we have taken the actual population in the common labor classification in all of these companies and averaged it out. What you have, in other words, in this comparison, is a study of some 50,000 employees in the area in which we do business, and the fact is that of those 50,000 only a minority work for the oil companies. Here is your basic male labor rate in the Hammond area. Last year the area stood at $1.17; we stood at $1.31. Between then and now, the area jumped from $1.17 to $1.27, and we jumped from $1.31 to $1.40. Today we are 12.6 cents ahead of the area.

Krapac (u): Austin, I think that is the unfair part of it. You are thinking of the average of the area.

Fisher (m): What else shall we compare it to?

Rumps (u): The oil industries.

Fisher (m): I am perfectly willing to compare it with the oil industries, but they are a minor part.

Stawicki (u): How do you figure the oil industries are a minor factor?

Fisher (m): Because of the number who work for oil companies in comparison with the number working in the same area who get different rates.

Stawicki (u): Doesn't the oil industry employ a greater number of people than ten of these other industries put together?

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[1] A number of leading oil companies, including Standard Oil (Indiana), Sinclair Refining, Cities Service, and Socony Vacuum, have refineries or other installations near Hammond.

Fisher (m): No, they don't, because these are weighted figures.

Rumps (u): In all these companies are the employees represented by unions?

Pear (m): Every company in the survey is represented by a union.

Stawicki (u): Why are you using the Hammond area in this instance when on your BLS chart you used the Chicago area?

Fisher (m): Because the BLS does not put out any figure for Hammond. We took the Chicago cost-of-living figure because, generally, metropolitan areas have a higher cost-of-living picture than the outlying districts. If anything, that figure was to your advantage.

Stawicki (u): I think if you would make a check of Hammond, you would find that foodstuffs are higher than in the Chicago area.

Fisher (m): In other words, you are saying the A & P prices in Hammond are one thing and the A & P prices in Chicago are another?

Stawicki (u): On some things, yes.

Gonser (m): Of course, newspaper advertising would blanket the community, wouldn't it?

Krapac (u): I don't agree with that, Mr. Gonser. A Chicago chain store ad may have much lower prices than a Hammond store, and both belong to the same chain.

Rumps (u): In order to get to an A & P we would have to have a car which is high priced.

Fisher (m): What are all those things I see out in the back yard at Hammond when I go there?

Smith (u): Mosquitoes.

Fisher (m): The only four-wheeled mosquitoes in the world.

Smith (u): Mostly 1940 models.

Swentko (u): I wonder how many of those mosquitoes are paid for.

Fisher (m): If they are all 1940 models, they are paid for or are overdue.

Krapac (u): Lever Brothers has been buying an awful lot of plants in the last year. If the company is able to expand, I am sure it is in a position to take care of its people.

Fisher (m): It *is* taking care of them as these charts show, and you have been able to cast no light on it.

Krapac (u): You are taking an average of all the plants. You are not taking the higher paid companies.

Burkhart (m): Austin, my recollection is that we took a census of our own employees as to where they lived, spotted them on a map, and we drew a circle around the area in which 80 per cent of them lived. We established the area in that way, and then we said, "Now, what are the 20 largest companies in that area?" You are getting a definite cross section of the actual people in the area where our employees live.

Stawicki (u): Getting back to General Motors, wasn't it just recently they received a 4-cent increase based on the cost of living, which we contend is a fourth-round increase? [1]

[1] See General Motors Corporation: Negotiating the 1948 Agreement, pp. 359–375.

Fisher (m): I'd like to answer your question. First, what happened at Lever's over the past year? Secondly, what is happening at General Motors? At Lever's you have had an increase from $1.33 to $1.49. Part of that was a general increase, and part was an evaluation increase.

Stawicki (u): I don't think we should consider all of that an increase.

Fisher (m): Why not? It is all money. We define a general increase the same way the Government does. The Government defines a general increase as anything that affects 10 per cent or more of the people at a given time. Let's be sure we agree that 16 cents was spent. I don't care what you call it as long as we are clear about that.

Now at General Motors, what happened? They got an 11-cent increase when they signed the contract last year. The contract provided for an up and down escalator clause on cost of living, and it also provided for a standard of living increase. They have received one 3-cent increase up to the present time, so they got 11 cents and 3 cents which makes 14 cents. They now face a decrease. Common labor at Hammond is still plus 16.

Stawicki (u): The $1.49—is that the average wage at the Hammond plant?

Fisher (m): That is the average straight time wage paid to common labor at Hammond; common labor only—not the over-all plant. We don't want to mislead you. You might be interested in looking at the picture on a straight time basis for your No. 1 craftsmen, at the other end of our scale—how they compare in other companies and how they compare at Lever. This time last year, the average No. 1 craftsman employed by all of these companies was making $1.746. Today he is making $1.927. This time last year our No. 1 craftsmen at Lever were making $1.77. Today our No. 1 craftsmen are making $1.95.

Gamber (m): I would like to point out that this survey covered a total of 2,398 No. 1 craftsmen. The oil companies alone total more than 1,300, so that a majority of the No. 1 craftsmen in this survey are employed by oil companies.

Krapac (u): Of course, none of these plants has received a fourth-round increase to date.

Fisher (m): No, that is quite right. I'd like you to bear in mind once again that it is important how much money you get—not how many times. The question is: how much have you gotten since V–J Day in comparison with these other companies? Bear in mind at Lever it has been 58.5 cents. Now it is quite possible that, in these companies where you have had increases amounting to only 41 cents, you will read about fourth-round increases.

Krapac (u): We will read them in the higher ones too. I know the oil workers will be up there.

Fisher (m): That is all right, but bear in mind the oil companies are only a part of this problem. We have given it a very fair weight.

Krapac (u): Our cost of living in the Hammond region largely depends on the oil industry.

Fisher (m): I don't believe that the cost of living picture at Hammond is controlled by 10,000 employees more than it is controlled by 30,000 employees.

[The union requested a recess.]

Rumps (u): We have analyzed the charts you have presented, Mr. Fisher. Our labor grade employee's earnings per year is $2,912. And according to the Bureau of Labor Statistics, it requires $4,000 to provide adequately for a family. So we find that the man making $1.40 an hour falls over $1,000 short of an adequate income. Now, on that basis, it seems that a 27.5-cent increase asked by us is not even adequate.

Fisher (m): All right. Let me try to reply to that without in any way attacking the estimates you present. The Department of Labor is saying people can't live unless they have as much as their budget. I think I can establish that what the Department is saying is something absurd; namely, that a country that has produced the highest standard of living the world has ever known is treating all of its people badly. Bear that in mind.

Here are official figures from the Department of Labor dealing with the average weekly earnings that employees in nondurable goods manufacturing make. We fall into the nondurable goods category. The average employee working in nondurable goods industries in the United States has been taking home about $50 a week. The average Lever employee is taking home $80—

Hammond (u): Let's confine our discussion to the Hammond area.

Fisher (m): Let's not, because you brought up the subsistence budget that had nothing to do with the Hammond area. I didn't introduce that. You did. Allow me to reply to it. That is only fair, isn't it?

Krapac (u): Go ahead.

Fisher (m): Now, our charts establish only one thing in my mind; namely, that Lever has nothing to apologize for, and that if what the Department of Labor says is correct, then that is an indictment of our entire economic system. I don't know of any place else in the world—any other nation—able to do a better job for its people than we have, any other nation beginning to provide anywhere near the take-home pay we do. I don't like those indictments because I think they are pretty meaningless.

Rumps (u): The figures only emphasize the fact that our wages are entirely inadequate.

Fisher (m): Inadequate in terms of what you'd like to make or the kind of a standard of living people would like to enjoy. But we are not star gazing about this. We are trying to be realistic.

Rumps (u): Confining our observations to figures compiled by various government agencies, our wages are inadequate.

Fisher (m): To what figures specifically do you refer when you say Lever's figures are inadequate? Which ones?

Rumps (u): According to BLS, certain requirements are needed for an adequate income.

Fisher (m): In other words, this BLS budget? All I can say is there is such a discrepancy between that budget and anything practiced anywhere else in the world, I have got to conclude the budget is in somebody's mind,

isn't realistic, doesn't bear any relationship to anything we know. I can sit down and construct a budget, and in the process say the American system doesn't work.

Rumps (u): Since these budgets were introduced as evidence, that is what we are basing our statement on.

Fisher (m): Then I think the only thing you can wait for is a complete change in the industrial system in the United States because, perfectly obviously, no company is paying people enough to live on. And yet writers and commentators the world over say Americans are the best fed, best housed, and best off economically of any group of people in the world.

The figures on the charts show that the Lever employee is well off in comparison with a great bulk of people in the country, and certainly with the great bulk of people in the Hammond area. You may reach a conclusion he can't live on what he makes because somebody in the Department of Labor asserted he can't live on it, but the facts contradict that because you all live a lot better, I think, than the Department of Labor realizes. In any event, does anyone wish to suggest what time we should resume tomorrow? Is 2:30 agreeable?

Stawicki (u): That is fine.

Fisher (m): Gentlemen, we wanted to tell you also that we are going to send to our own plant supervision a brief and factual account of these discussions from day to day. We wanted you to be advised so you wouldn't be surprised. You are at liberty, of course, to inform your membership in any way you see fit.

AFL: Second Session—February 21

(2:20 P.M.–5:05 P.M.)

Between the first and second day of negotiations the union committee held a series of meetings in an attempt to crystallize some of its proposals. Mr. Belkin was absent, his place being taken by Mr. Bradley, president of the International. Mr. Fitzgerald read off the revised list of contract changes desired by the union, the major changes being a vacation schedule of 1, 2, 3 and 4 weeks, respectively, after 6 months, 1, 10, and 20 years' service, and omission of the demand for hourly service bonuses. The management team then caucused, and when negotiations were resumed Mr. Fisher asked Mr. Fitzgerald to present the union's reasons for its proposals.

Fitzgerald (u): Well, on the money situation—most of the raises gotten the last month or so by our International have been around 10%. On the labor grades, we find a lot of trouble in the 13 grades which could be taken care of in 10 grades with at least 10-cent differentials.

Fisher (m): Well, Fitz, is your only reason for an increase because the Chemical Workers got 10% increases in the last couple of months?

Fitzgerald (u): Not only the Chemical Workers, but those around in different areas.

Fisher (m): Do you think that other companies, either in the chemical

industry or in the areas which you represent, are paying wages as high as ours?

Fitzgerald (u): I am not interested in that particular question. If these other places get raises, they come closer to us. I think that was our argument last year, too, and we want to hold our difference.

Fisher (m): What companies are you talking about?

Bradley (u): I don't know that the companies are of any particular value. The important thing is this. Realizing that unquestionably you representatives of the company are going to point out to us that there is a decline in the cost of living, that your product is down in price, and so on, all of which we would have to admit, the fact remains that the dollar is still worth only 58.3¢. And we are very doubtful that the decline in the cost of living is a permanent thing.

De Vincentis (u): In 1947 there was a downward trend in the cost of living, and we felt at that time that it would continue. But, lo and behold, what do we find? Two or three months later, everything starts skyrocketing and we hit the peak long afterwards. The increase we got in March, 1947, had been wiped out by August of '47. On top of that, most of our people through reductions in overtime have actually taken a cut.

Fisher (m): You mean in hours of work?

De Vincentis (u): Not only in hours, but in their hourly rate. People with long service have taken a cut because the Swan Department is closed down, and they have had to go into other departments to lower rated jobs. Cuts were as much as 25¢ an hour less than they have been getting for years.

Fisher (m): Are there any other general arguments you want to advance at this time, Fitz?

Fitzgerald (u): One more thing should come into this. We are producing much more than we ever did before, per man.

Healey (u): That is right. Every plant has gone up over 10% in their production quotas. And, besides, in '47 and '48 Lever Brothers has had the best profits since they came to this country.

Fisher (m): I am glad you know about profits more than I do. Anything else?

Well, let's take an easy one to start with and see if we can agree on the facts.

[Mr. Fisher then opened his examination of the union's argument by introducing charts similar to those shown the CIO earlier in the day. The first charts pictured the straight-time rates paid to No. 1 skilled craftsmen by Lever as compared with local area rates. Area rates were defined as the rates averaged for similar jobs paid by the 20 largest companies drawing workers from the area where 80% of the Lever employees lived. These charts showed a uniform Lever rate of $1.95 for No. 1 craftsmen contrasted to area rates for comparable craftsmen as follows: Baltimore, $1.58; Cambridge, $1.58; Edgewater, $1.76; and St. Louis, $1.68. The union members objected that the companies were "an unfair comparison" since they included "the top rates" and there was "no comparison between our industry and those industries."]

Fisher (m): You are interested only in those companies that pay more than Lever. Year after year you criticize the company's statistics, and yet you never bring in anything in their place. Why don't you give us facts instead of general allegations?

Healey (u): If we based our argument on area rates we would bring them in.

Fisher (m): What is your argument if it isn't area rates?

Healey (u): They have no bearing on Lever Brothers.

Fisher (m): One of the things you mentioned was that our No. 1 craftsmen were out of line. I produced these figures to show you that they are not out of line.

Healey (u): We will be polite and listen to the display of figures.

[Mr. Fisher then displayed a chart comparing total hourly increases given since V–J Day as follows:

	Baltimore	Cambridge	Edgewater	St. Louis
Lever	71¢	63.5¢	62.5¢	69.5¢
Area	41¢	37.9¢	40.6¢	42.2¢

The discussion then continued.]

Fitzgerald (u): You gave us a nice raise last year, and I think you got it well back in efficiency and everything else. If you change your tactics this year, I think it is going to boomerang.

Fisher (m): Well, you are entitled to your opinion, Fitz. What we are trying to do is to examine what reasons support your request for an increase. We were talking about No. 1 craftsmen, and then we got into the general picture of what has happened in these areas since V–J Day.

Healey (u): We don't think those things are relevant.

Fisher (m): What do you think is relevant?

Healey (u): Open up the books there; read some of the profits; compare the profits with these companies; then you are talking our language. Compare our work load per man with some of these other industries.

Fisher (m): What are the facts, Joe, since you bring it up? Why don't you tell us the relevant ones?

Fitzgerald (u): I would like to answer your question there, Mr. Fisher. Last year you gave us this same bunch of charts, and we weren't entitled to a raise last year either, according to them, and still we knew we should get one. Everybody, even you, knew we should get something, and we finally *did* get something. We don't agree with those charts anyhow. We don't go for twenty companies. The more you pick, the further down you go. So let's get on to the next question.

[Mr. Fisher then presented a series of line charts showing the relative trends of indexes of the average straight-time hourly rates at each of the Lever plants and the cost of living index as reported for each area by the

Bureau of Labor Statistics. The base in each instance was January, 1941, and the points of reference were January, 1941, March, 1946, March, 1947, and then quarterly for the year 1948.

For December, 1948, these charts showed:

	Baltimore	Cambridge	Edgewater	St. Louis
Lever Wages Index	267.0	199.2	173.3	247.0
Cost of Living Index	174.0	164.7	169.2	171.1

Mr. Fisher pointed out that these charts proved that, in spite of the increased cost of living the real wages of Lever employees had increased and that the probable continued decline in the cost of living would even further improve their position. Throughout this demonstration the union argued that the charts were deceptive since there were apparent increases for the early period when none had been given and because an unweighted average should not be considered representative.

After a brief recess there was open discussion as to the probable direction of the cost of living index. The afternoon ended on a somewhat philosophical note:]

Bradley (u): The thing that interests me is that, up until the war when the presidential decree froze wages, most employers' arguments against increased wages were based entirely on ability to pay. As soon as the Government froze wages and said, "No matter what happens to profits, you can only have 15% above January 1, 1941," employers immediately did an about-face. They said, in effect, "Sure, we can afford it; we'd just love to pay you more, but the Government won't let us."

Now that restriction is gone and the employers hold now to an area argument. The ability or nonability to pay is something that the average employer hasn't wanted to discuss for the last five or six years. I think the two important factors are the ability or the nonability to pay, and the amount of money a wage earner needs to live. Ability to pay merits at least 99½% of the total consideration in any request for wage increases. I never have been sympathetic to the argument of area rates. Until very late years, employers, too, argued against an area basis because there is a vast difference between profits on automobiles and on food or soap. I know I was greatly amazed when the War Labor Board came along with this area idea.

In the soap industry I understand—and I got that some years back from officials of the Lever Brothers Company—labor is one of the minor costs in the production of soap. So if there is an ability to pay and labor is one of the minor costs, then I think that the area proposition should be left out of it entirely.

Fisher (m): I recognize the force of some of your arguments on a generalized basis, Brad, but this company never discussed ability to pay. We take the position that the company is solvent enough to do the right thing

and that, therefore, there need be no discussion of whether we are able or unable. The only time it becomes material is when the company raises the question. We don't raise the question. We haven't in the past, and as far as I am concerned, we are not going to do it now.

Bradley (u): Well, the union doesn't believe in area rates. They believe that it should be based entirely on ability to pay.

Fisher (m): You would hardly take the position that because you are able to pay more than twenty cents a pack for cigarettes that you ought to pay forty cents. Now, I recognize a great distinction between a commodity and a man's labor, but wage rates are set by a community of comparisons, in individual communities like Cambridge or Baltimore or Edgewater, or on a nationwide basis. Wage levels in the United States, fortunately, have not been predetermined by the ability or inability of companies to pay. If they couldn't pay a prevailing rate at the time of a labor shortage, they went out of business. And if they could pay it, by and large, they did.

Bradley (u): In the last few years, but not before.

Fisher (m): That may be. That is one of the reasons why we have felt that the advent of trade unionism was a good thing economically for the country, and we are very free to concede the accomplishments of the American labor movement in bringing wage levels up to where they are now. We also recognize that the labor movement is a dynamic thing and is compelled to forge ahead. But we say there are periods in the economy when you have to be satisfied with the gains you have made. You can't expect the business system to continue to throw off the kind of increments that we have been having over the past five or six years. And we see no evidence, comparing the kind of jobs we provide with the kind of jobs your members might secure if they worked elsewhere, why we should go ahead any further than we are now ahead.

Bradley (u): I suppose the place to enunciate the ideas in my mind is, perhaps, in an auditorium. I certainly don't expect that this or any other one company is going to change the situation by themselves.

It just seems silly to me. Here is the Congress of the United States debating on how many millions of dollars they are going to appropriate right now to meet unemployment. If people who work for a living are able to accrue some money, it would not have to come out of the public funds when things get down a little. If companies would pay according to their ability and give workers an opportunity to accumulate some of the world's goods, not just being able to meet the weekly grocery bill and the weekly expenses, it seems to me that the country in general would be far better off. And I fully appreciate that that is not the problem of Lever Brothers. It is just a generalization.

Fisher (m): Well, Brad, every once in a while one of my clients will start pulling his hair out by the roots when we are discussing labor relations questions, and will say, "God, when is this thing going to stop? When are these guys going to say, 'We've got enough'?" I say to my client the only answer is *they* will stop when *you* don't want another suit of clothes, another automobile, or bigger house. The point of the matter is that people's ap-

petites for the good things in life are always growing, and our economy continues to expand as it rises. I am not against it.

The only problem is how fast can it safely advance without putting us all in a hole. There are many people who believe the advances made in previous years have been a little bit rich in terms of our ability to support them. We have advanced a little bit too fast and are at the moment suffering some of the consequences of having overreached ourselves.

I am not enough of an economist to be able to appraise that, but I think there is some logic behind the argument and I think it is something that you fellows ought to consider.

It is now 5:00 o'clock. Shall we recess until 9:30 tomorrow?

AFL: Third Session—February 22

(9:30 A.M.–1:00 P.M.)

[Mr. Gamber opened the meeting by discussing management's intention to send to the plant supervisors daily bulletins "giving them the gist of the day's happenings." Mr. Bradley replied that "if they are going to do the bargaining back in the plants," he would "withdraw from the proceedings" and that he was "not going to be involved in any controversies that would come out of that kind of reporting." He added that he could remember "when relations between the employees and the company were extremely bad, and much of that condition was caused by exactly what Mr. Gamber was proposing to do." Management then caucused, and when the session resumed Mr. Gamber stated that management would agree not to send these bulletins.]

Fisher (m): Shall we discuss your modified vacation proposal?

Mr. Bradley, we understand your International has recently added considerably to its research division, and we wonder whether you could give us better information than we have concerning the usual vacation benefits in other I.C.W. contracts.

Bradley (u): Well, only the research department would know that.

Fisher (m): Let me give you what we have and let's see the extent that it is accurate. We have, as in the past, examined some 225 contracts currently held by your organization, and we find that the prevailing practice is to grant one week's vacation after one year. In the majority of the contracts, two weeks' vacation does not start until after three or more years of service. The third week's vacation pattern shows that 4 contracts provide it after 14 years, 28 after 15 years, 14 after 20 years, 14 after 25, and that 165 contracts carry no provision for a third week's vacation.

Fitzgerald (u): Mr. Fisher, I would like to explain our proposal of one week's vacation after six months. You give that to your office personnel and you give two weeks to your one-year service office personnel. That is our reason for putting that in there.

Fisher (m): Well, the principle of uniformity just doesn't work in favor of what you want and cease on the things you don't want.

Fitzgerald (u): You can't blame us for trying to get what the office gets.

Fisher (m): Your new proposal of four weeks' vacation after twenty years of service is not related to anything that happens in the office, is it?

Fitzgerald (u): No; we figure a man who works twenty years for the company deserves four weeks' vacation.

Fisher (m): Our position on the vacation situation relates in principle to a good many other fringe issues, or social benefits. By and large, Lever Brothers provides for what we might call social benefits of vacations, holidays, sickness and accident insurance, pensions, and a variety of other provisions which have been negotiated from time to time or which reflect a long-standing company practice before the advent of the union. They all lump up to a very generous deal.

Fitzgerald (u): Agreed.

Fisher (m): In fact, Lever's social-welfare benefits, taken as a whole, are, I think, as generous as any other company in the United States. Now, it is true that you will find some companies with more generous individual provisions. But we don't feel that it is fair to examine these one by one. We think you have got to examine them as a whole. We have figured the cost in cents per hour per employee for each of Lever Brothers' benefits and they come to a total of 41 cents given you over and above your wage rates. And it involves a tremendous amount of money for us. We also checked costs with the twenty companies in your local areas. In other words, we said to them, "Here is what our benefit program costs us. Will you tell us what your benefit program costs you?" It is significant to us that the highest figure reported by any company for their benefit program was 34 cents an hour, and the average cost was less than 15 cents an hour.

De Vincentis (u): I can't see how you can compute paid rest periods. What happens in departments that have no relief periods, where they relieve themselves?

Pear (m): The percentage of employees who are not allowed time off the job for rest periods is so small that it would have very little effect on the total.

De Vincentis (u): Prior to the lunch period people did the same amount of work that is being done now. You can't get away from the fact that people pace themselves according to the work.

Healey (u): I have been thinking. Have you a chart showing the overhead that the production workers are carrying as far as salaried help and foremen and executives are concerned? It would be very interesting.

Fisher (m): I don't want you to be humorous about it.

But, just in case you overlooked something I said yesterday, I know you would dearly love to get into the figures of Lever Brothers' operations, but you are not going to.

Now, I would like the record to note that one of the Cambridge delegates asked for some more information on how Lever Brothers stands with competing companies in our own industry.

We have tried to get a picture of what our competitors are doing throughout the nation, and to compare our own practices with theirs. The

first chart that I would like to show you is *Chart B* which reflects the basic male labor rate in all plant areas. This is average straight-time rates. You will see our competitors are paying an average of $1.28 against our $1.40 figure.

Chart C shows the weighted average straight-time rates these competing companies pay for common labor. Our competitors in 1949 average $1.426. Lever's average is $1.47. *Chart D* gives the same type thing for the No. 1 craftsman. Competitive companies on an average paid their No. 1 craftsmen $1.855, and Lever paid $1.950.

The next chart shows in the top line the average weekly earnings up to November in Lever Brothers' plants, and the bottom line shows the average weekly earnings up to November in the United States soap industry. I might add the figures for the United States soap industry, naturally, includes Lever Brothers' figures since we also supply them to the Government, and, therefore, to some extent, the average is influenced upward by the inclusion of Lever figures.

De Vincentis (u): What is that figure for Lever?

Fisher (m): About $78.50, and the figure for the soap industry I would place at about $67. These average weekly earnings include the overtime factor both in the industry as a whole and in Lever Brothers. The purpose of this chart is to demonstrate that with only one exception, since 1941, Lever Brothers has consistently led the soap industry. There was a period there between 1946 and 1947 when the lines crossed, and there was a slight margin of leadership on the part of the soap industry. That, however, was corrected in March of 1947, and since then there has been a clear leadership.

I would like to show you quickly a comparison for the chemical industry throughout the United States.

Fitzgerald (u): May I ask one question? Why do you go from one group to another? Why don't you stick to the soap industry and compare the figures?

Fisher (m): Let me give you a simple illustration. If you wanted to argue with me that Buick was the fastest car on the market, you would talk about Buick and Fords, and Plymouths, and all types of cars. We are trying to show you that Lever's economic picture is favorable by a good many different standards of comparison.

Fitzgerald (u): I am not being bound by these charts at all, because I just don't believe in charts. Every chart we get is different. It doesn't look good to me.

Fisher (m): Okay. Chart 23, as I said, is a comparison of Lever Brothers and the U.S. chemical industry and shows that the Lever employee enjoys about $20.50 weekly over the average hourly employee in the chemical industry. We will leave copies of these charts with you, and also give them to the stenographer so that they can become a part of the record.

Now, gentlemen, we have tried during the course of the last couple of days to indicate to you the broad position the company feels it must take at this time with respect to monetary issues, and our position, in brief, is that

we have heard no evidence that would warrant any change either in our social benefits or in our wage structure.

Shall we meet at 2:30 tomorrow to consider the other items in your proposals?

CIO: THIRD SESSION—FEBRUARY 22

(2:30 P.M.–5:00 P.M.)

Stawicki (u): I think it would be proper at this time for the union to present some more evidence on questions brought up yesterday.

Fisher (m): Fair enough. Where do you want to start?

Stawicki (u): Well, yesterday you said the wholesale food index has been decreasing—we find that the Dun and Bradstreet wholesale food index has arisen slightly in the past few weeks.

Fisher (m): May I comment on that, or do you prefer to go ahead without interruption?

Stawicki (u): That's all right. You may comment.

Fisher (m): Now, it is quite possible that the Dun and Bradstreet figures show a temporary jog, but the important thing is what was the trend over the past twelve months.

Stawicki (u): I was under the impression you stated that the wholesale food index has been continuously decreasing for four months.

Fisher (m): No, I think you've got two things confused. I stated that the January '48 wholesale price index for foodstuffs was 450.1—these are Government figures—and that this January, 1949, it had dropped to 282.7. I also made the second statement that for the first time in 10 years, after reaching an all-time high, the official figures of the Department of Labor on cost of living had dropped for three consecutive months; and I can understand those two statements taken together might have given you that impression, but I was referring to two different things.

Stawicki (u): And this is a quotation from one of last week's newspapers: that the BLS food situation report foresaw that no sharp decline was expected.

Fisher (m): I think that is correct, Mr. Stawicki.

Stawicki (u): One thing we forgot to mention is that a great amount of construction work is being done at Hammond. The rates of construction workers are much greater than those at the Lever Brothers plant, and along with the oil workers they set the pattern within our area.

Yesterday we brought up the question of savings. Federal Reserve Board surveys show that 27% of the number of American families owning U.S. bonds in 1947 had no liquid assets at all at the beginning of 1948. Workers' families were rapidly drawing down their remaining liquid assets in 1947. But families owning more than $10,000 in U.S. bonds and in banks doubled in the same year. Now, our contention is that the ability to save and the ownership of accumulated savings is being confined to fewer people. This should prove that the company must begin to understand that prosperity depends on prosperous families, so we feel we should have this 27 cents per hour increase.

Fisher (m): Mr. Stawicki, let me discuss these points one by one. At the outset of your comments, you observed that construction workers have a profound effect on your area. I think that is true, in a measure. One thing, however, that needs emphasis, which you omitted, is that traditionally the building trades have received high hourly rates because of the very intermittent nature of their employment.

Krapac (u): Construction workers receiving high wages have created a high cost of living just as the oil workers. That is our point.

Fisher (m): I agree that spendable income naturally affects prices in your area, and if that is your point, you don't have to labor it, because I agree. I just want to observe, however, that there are limitations to that comparison. We checked the *Hammond Times,* a publication in your area, and found an advertisement for August of '48, the peak in the cost of living, plugging sirloin steak at 97 cents a pound. An ad of two weeks ago shows sirloin steaks at 63 cents a pound.

Rumps (u): Mr. Fisher, meat is graded by the Government. I think there are four grades. So I don't know if that is a fair comparison.

Fisher (m): I recognize there are different grades of meat, but I am sure you will admit that these advertisements demonstrate that food prices in Hammond are dropping dramatically. If you don't like these figures, gentlemen, you have only yourselves to blame, because you educated us to use them.

Kukral (u): There may have been some exceptionally big sales to get rid of that stuff.

Fisher (m): Well, that is possible, but when you see the same thing happening all over the country, it becomes clear that Hammond is not experiencing just a liquidation of inventory, but a drop in commodity prices.

Kukral (u): Not at all stores.

Fisher (m): Well, the stores lagging behind will soon feel consumer pressure because you won't deal with stores that overcharge you.

Stawicki (u): We do not know what is going to happen in the future, but we do know what has happened in the past since we received our last increase in wages. We can't forget what has happened in the past.

Fisher (m): I would be very unfair to you if I said that there was as much evidence that the cost of living was going to go up as there was that it is on its way down, because we here at Lever sincerely believe that the end of the cost of living drop has not yet been sighted. We hope that is the case, because that adds purchasing power to everyone associated with the company. We are not afraid of it. In fact, we welcome it. We think you ought to feel the same way.

Stawicki (u): Well, we do.

Fisher (m): Right. But you will not make any contribution to that downward trend if you and your associates in the trade union movement insist on wage increases which, in turn, raise prices,—

Stawicki (u): No. We feel that all of these manufacturers are financially able to grant these increases.

Fisher (m): Well, you may feel that, but the fact is that labor has been

fooling itself for about seven years, because every time wages have increased, prices have gone up. Now you have a chance. Now that your price structure has started to readjust itself downward, why arrest it with wage increases and reverse a trend which is in your favor? Why take the bread out of your own mouths?

Rumps (u): Our wage increases are not to blame for the increased cost of living.

Fisher (m): No, I didn't say that they were to blame. I said that historically whenever wage levels had gone up, so had prices.

Kukral (u): We would like to go into the company's profits a little bit.

Fisher (m): Why?

Kukral (u): Well, at one time the company claimed they had to have price increases. They used the increase of wages to increase prices, and they—

Fisher (m): I don't want to interrupt, but I don't recollect that statement, and I would like you to be more specific about it.

Kukral (u): Then let's say big business.

Fisher (m): Let's not talk about big business. You know that's an awfully tiresome subject, and we might have to talk about big labor, and then we'd get hard feelings, wouldn't we?

Kukral (u): Our production has increased, and profits must have increased. We feel that our wage increase could come out of extra profits.

Fisher (m): Well, Lever Brothers has never resisted any union demand on inability to pay. Consequently, we feel any discussion of profits is quite immaterial. I can't foreclose you from it, but I can tell you what our very strong feeling is.

Kukral (u): With that understanding, I will withdraw the discussion on company profits, but we do contend that the workers have increased their production.

Fisher (m): I agree that increased productivity is a relevant consideration, and we would be very glad to hear what you think on that subject.

Kukral (u): I wouldn't want to do that at this time.

Stawicki (u): We want it to go on record that we are not accepting these charts you presented as being accurate.

Fisher (m): Well, I appreciate that. We are merely giving them to you as evidence, and you can take them for whatever you think they are worth.

Stawicki (u): We feel we have no way to verify their contents.

Fisher (m): I appreciate that, and any time you want to make closer inquiry into the way we computed them, our people would be very glad to discuss them with you. We try and do an objective and fair job.

Krapac (u): While we are talking about charts, Austin, I don't recall ever agreeing to the plants that you have used.

Fisher (m): Mike, I assume that for years we will probably have healthy disagreements about where good comparisons lie and where bad comparisons lie. We are giving you something we ask you to consider with thought and earnestness, but we don't feel you are legally bound by it.

We assume that you are open to persuasion on the basis of facts just the way we are, and we would like to give you some more facts, if that is all right. We are one of the few companies in the soap and edible oil business operating a number of plants throughout the country that maintains a single rate structure. What we have tried to answer for ourselves is: what are the average rates paid by our soap competitors who are doing business in the cities where we do business? Chart C shows the result. Our competitors employing common labor pay an average of $1.426. Our common labor average is $1.47, which shows a net superiority of about 4.4 cents. Chart D shows that our competitors pay an average of $1.855 to No. 1 craftsmen against our average of $1.95 which means, as far as No. 1 craftsmen are concerned, that Lever's rates exceed our competitors by 9.5 cents. I think it is also interesting to note that our competitors have granted increases since V–J Day to their employees of only 45.9 cents, compared with the 58.5-cent increase that Hammond employees have secured.

We recognize that in many instances there are arguments to justify certain proposals you have made with respect to fringe benefits such as life insurance, pensions, sickness and accident, vacations, holidays, rest periods, paid lunch periods, and so forth. We felt that if we could establish in your minds how effective you have been in getting the company to spend money on these benefits, way out of proportion to what most concerns in the country do, that you might be willing to take a broader view of the company's generosity and be less inclined to try to secure additional benefits. We hope you will take a broad view of the whole picture and not concentrate your attention on any one item, because it is manifestly fair to give a company credit against a broad background of what it is doing and not to isolate each of the individual benefits which, I might add, standing by themselves are pretty defensible.

Chart F is a study of the benefit plans which are provided for employees at no cost to them and are translated into their value in cents per hour to your members. Life insurance costs 0.6 cents per hour. Our plan of payment for absence in case of sickness or accident costs another 2.7 cents per hour. The cost of operating our cafeteria is the equivalent of 3 cents per hour, and that is not charging anything off for rent or the usual overhead. The cost of our paid holidays is 4.4 cents per hour. The cost of pension benefits averages 4.5 cents an hour. The cost of our vacation program is 6.6 an hour. The cost of paid lunch periods of half an hour is 9.6 cents per hour, and the cost of the two 15-minute rest periods is 9.6 cents per hour. All these things add up to the very considerable sum of 41 cents an hour, and it is such a large sum of money that we feel that every employee in the company should know what it is. He should know that not only is he getting an average wage of $1.60 an hour, but, in addition, he is getting 41 cents an hour in free benefits which are provided by the company.

We think that is the sort of thing that you might very well want to take back to your membership because we know they sometimes can be critical and not know what the story is, and perhaps not give you credit for doing as good a job as you have done. There are very few companies that come

anywhere near providing that kind of a picture. We asked all of the companies we studied what they paid for benefit plans. The highest figure reported by any company was 34 cents an hour, and the average was less than 15 cents an hour.

I think, gentlemen, that this is pretty conclusive evidence as to the caliber of jobs provided by this company, and I hope very much that you will give it very serious consideration because we feel that our benefit program, taken as a whole, is of such a generous nature that you should not call upon us at this time to make any changes which would involve additional expenditures. In other words, what we are saying to you is, "Boys, we think 41 cents an hour is enough, and you ought to let well enough alone for the time being." We think that the wage structure is high. We think that there is a reversal in the upward cost of living which plagued us all for a great many years, and we don't think this is the time to ask both for expensive wage increases and for expensive supplementary benefits to our benefit plan.

Well, that pretty well completes the charted information that we wanted to submit. Mr. Stawicki, would you like to call a recess for a few minutes?

Stawicki (u): Yes.

[A short recess was taken.]

Fisher (m): Proceed, Mr. Stawicki.

Stawicki (u): We would like a little clarification of the discussion just before recess. Are we to take it for granted that all of the monetary issues the union has requested are refused by the company?

Fisher (m): Yes.

Krapac (u): That is the final answer now?

Fisher (m): Yes. We see nothing in the way of evidence produced so far to warrant, in our opinion, any change in the basic wage structure or in the benefit program.

Krapac (u): With that answer, Mr. Fisher, there is no need for us continuing negotiations. We would like to prepare for transportation home.

Fisher (m): All right, gentlemen. I'm sorry you feel that way about it, but if that is what you wish to do, we will be glad to help you out.

Discussion Questions

1. Analyze the negotiating strategy of the AFL, the CIO, and the company in the opening session with each union.

2. How do you feel management handled the grievances presented by each of the locals in the first AFL session? From the nature of each of the grievances submitted, make an initial appraisal as to the structure of relationships which you believe existed in each of the company's plants.

3. If you were assigned by management to investigate these grievances and to determine their cause in view of the company's explicit policy of maintaining good relations with the unions representing its employees, in what areas would you seek additional information?

4. What were the criteria advanced by the AFL, the CIO, and the management in support of their respective economic arguments? Do you

believe these criteria were valid? Evaluate the different bargaining strategies employed by each of the parties in the presentation of its own case, and in the rebuttal of the case of the other party.

5. Compare the presentation of the economic arguments of both the company and the two union groups in this case with the presentation of the parties in the Barrington Oil Company.

6. What do you think of management's suggestion to send daily bulletins regarding the progress of negotiations to the various plants? How do you account for the different reactions of the two union groups regarding this suggestion?

7. What problems does a company face in seeking from its foremen suggestions for possible contract changes before negotiations take place?

LEVER BROTHERS COMPANY (B)

THE CLOSING SESSIONS OF THE 1949 NEGOTIATIONS

I

INTRODUCTION

Although the CIO union representatives had withdrawn from negotiations, company negotiators continued meeting with the four AFL locals on eight days between February 23 and March 9. Noneconomic issues were discussed on February 23 and 24. The union continued to press its position by citing problems which had arisen in connection with contract provisions relating to working rules, transfer of employees, application of seniority in consolidating or eliminating production departments, definitions of words such as "reasonable" or "just," contractual limitation on the power of the arbitrator, scheduling of overtime, and the job evaluation procedure. Frequent and lengthy recesses were called by both parties, and subcommittees were appointed to study various problems further and to submit recommendations.

When the parties met on February 28, Mr. Bradley, having urgent I.C.W. business elsewhere, was not present. Reports of subcommittees made on February 28 revealed that some understandings had been reached. But review of the contract showed that full agreement existed on only 66 out of 120 paragraphs, with disagreement in principle on 42—almost the same as when negotiations had opened on February 15.

The sessions of February 28 and 29 resulted in language clarification of some clauses and some agreements on principle. In these meetings Mr. Burkhart and Mr. Grant explained problems in operating plants under existing or suggested provisions. Frequent use was made of recesses and "off the record" discussions.

Mr. Dennis Moduro, Lever consultant on pension problems, and Mr. Arch Price, the company's pension director, joined the all-day meeting March 2, and presented a thorough analysis of the company's pension plan

and pointed to its superiority over 80 per cent of those studied in a cross section survey of the United States.

Discussions revealed continued disagreement on the scope of arbitration, monetary questions, and management's rights, as follows:

Fisher (m): We regard the arbitration clause and the management's rights clause as indispensable in any contract. This is not news to you.

Now, you want to know our position on monetary issues. A look back in the record shows, gentlemen, that we think our wage structure is high enough. We think that our benefit plans and fringe benefits are liberal enough. We are not prepared to agree to any increase in wages, nor to any change in the benefit plans that will involve the expenditure of money.

Fitzgerald (u): In other words, all holidays, benefits, and wages stay the same, and you want to go ahead with the rest of the contract?

Fisher (m): That's right.

Discussions the next day, March 3, concerning local contracts led to the following remarks:

De Vincentis (u): There are eleven holidays in our state which we observe whether we get paid or not.

Healey (u): March 17 [1] is not one of these observed holidays, but we may observe it. We are having a union meeting March 15, and our 30-day notice is up on March 16. The Cambridge local doesn't intend to extend the contract, so we will be able to give you a definite answer on Monday morning after our union meeting.

Fisher (m): Well, how can you reach certain decisions on your own if you intend to continue to work as a unit with the other locals?

Fitzgerald (u): What it amounts to, Mr. Fisher, is that they are going to work as a unit with us, but it could happen that they would not work as a unit with us as of March 17. That's about the size of it.

Further agreements in language and in principle concerning noneconomic matters were reached in the meetings of March 3 and March 7.

The 11th session with the AFL groups, held March 8, lasted only 15 minutes. All noneconomic issues had been explored and most of them had been resolved. Language changes relating union security provisions to anticipated amendment of the Labor-Management Relations Act of 1947 awaited the return of Mr. Belkin. The union still demanded elimination of the no-strike clause and management was firm in insisting that the existing provisions on arbitration and all economic benefits be retained.

CIO: Fourth Session—March 9

(10:30 A.M.–11:30 A.M.)

[The CIO negotiators returned to Boston at the request of the Conciliation Service and met with management before two commissioners of the

[1] March 17, Evacuation Day (in celebration of the evacuation of South Boston by the British on March 17, 1775) and St. Patrick's Day, is observed as a holiday by some sectors of the Boston community.

Federal Mediation and Conciliation Service, one of whom came from Chicago and the other from Boston. At their request Mr. Stawicki reviewed the union's demands and reasons therefor. Mr. Fisher then summarized the company's wage levels and range of current practices as the basis for its rejection of the union's demands. The commissioners then asked to meet with the union committee privately, and the meeting was adjourned.]

AFL: Twelfth Session—March 9

(2:00 P.M.–7:00 P.M.)

[The two conciliators were present. After Mr. Fisher had reviewed the union's demands and the company's current practices, a recess was taken during which the conciliators met first with the union and then with management.]

Conciliator: Mr. Fisher and gentlemen, as we told you, the gentlemen on labor's side feel they have not had an opportunity to fully discuss their thinking on the issues.

Fisher (m) [to the union]: May I tell you that I am sorry if you have gotten the impression we were trying to foreclose you from saying anything. We would welcome any additional light that any of you care to cast on the issues.

Conciliator: Will you two Joe's now get everything off your chest? The field is yours, gentlemen.

Healey (u): Okay, Commissioner. First, I want to state that we are not as good in dialectics as the company, and you will have to bear with us if we try to explain things in our language.

Conciliator: Be yourself.

Healey (u): We are not business agents or paid representatives of the organization. We work in the plant and we are giving the members' point of view. We are with them 100 per cent, as far as Cambridge is concerned anyway.

For the past five years, we have come to an agreement prior to any of the big industries, and the company took advantage of the fact to get publicity. And the fact that big industries or little industries didn't come to a settlement didn't enter into the picture at that time, so there must be something new behind their position now. Up to now, we feel that we were just discussing things, and I will say, too, that the company was throwing their weight around, and it discouraged a lot of these boys from discussing what was in their minds.

The company has made surveys of the area, of the country as a whole, and of the soap industry, and we took them very lightly because they choose the companies they wish to present and leave out the higher paid industries. We do not have outside influences dictate what our wages should be in order for us to sign a contract and make our members work for a whole year, with a big question mark on what is going to happen from now to next March.

We want to come to some settlement now. We have been claiming that for the last six months there's been a change in the attitude of the company

towards the employees. The workers don't feel secure. They can read and they listen to the radio. In *Harper's Magazine,* June, 1947, Mr. Luckman wrote:

> . . . and none of these pension and insurance programs is at all expensive. The funds used to defray the cost help pay their own way by going out as insurance company investments, and these investments aid the national economy by creating employment, purchasing power, when they are poured into housing developments and hundreds of other important projects. Don't forget, too, that if an insurance program helps in the slightest to prevent one small strike, it has paid for itself many times over.

And in last month's issue of *The Atlantic Monthly,* February, 1949, in talking about increased production, his words are:

> Increased productivity is the major need of the moment, if we are to maintain our accustomed living standards at home while nourishing reconstruction abroad. To obtain that productivity, the resultant wealth must be equitably divided in three ways—in the form of better wages to the worker, lower prices to the consumer, and increased profits to the company. The success of our intervention on the side of freedom abroad is thus closely linked with social justice at home.

Now, our members can read, and they demand their part of this thing. They also read where Henry Ford said a fourth round was inevitable, and the Secretary of Labor said that labor is 9 per cent behind. When we tell our members that the company is comparing us to the rubber industry and the candy industry, they take it as a joke because they know that is no comparison with the soap industry where the labor cost is so very low. It's hardly comparable to any other industry except oil. There is something that doesn't show on any of the charts. Even though we are getting a high hourly wage, our take-home pay doesn't buy any more than it did in 1940, and the increased production that we have given them since 1940 is so great that, to us, we are like being swindled in a shell game.

A lot has been said here about the decline in the cost of living. In fact, management has looked into the crystal ball and had a chart on what the cost of living will be next December. Naturally, it sagged tremendously. Well, during negotiations in the last two years, it seems that prices always decline just about this time. In 1947 they did, and then things went sky high after all the big contracts were signed.

We in Cambridge also feel, more so than the other plants, that the pensions are too small. So one of our demands has been the fact that even though we kick in and pay part of this cost, we are willing to do it. We feel that is our obligation.

From the attitude shown within the plant and at the table here, I feel they don't appreciate what we have done. They figure they are in a better position; they are going to start throwing their weight around. They don't appreciate that we kept everybody in line during the war, that we stopped fellows from drinking to excess and abusing the privileges they had.

The company has been expanding, putting money into cosmetics, mar-

garine, and naturally, the membership knows that they are making plenty of money.

We are some of the few union leaders who take the responsibility to discipline our members. We go out on a limb, like we did on job evaluation, and disrupt the wage structure. We are going to engage in a productivity plan although most labor says, "Hands off." We know we are in a competitive industry. We are going to try to get Cambridge into a position where we can hold our own against competitors and against the other Lever plants. We didn't come in with a lot of unfair demands, although unfair demands have been made—I will say that—but it wasn't the Cambridge local that brought them in.

Mr. De Vincentis (u): The big thing that bothers us at Cambridge is these fellows on pension. It's all well and good to say, "You're through at 65," but throwing them to the mercy of the dogs is something else again. We are morally obliged to see that they get enough to live comfortably. Now, the unfairness of the pension plan is that the people that worked the hardest and the longest, when conditions were worse, are the ones that are getting the worst treatment under it. After being pensioned, they got no benefit of any wage increase in the last three or four years, and they are getting squeezed on the cost of living.

Conciliator: Does anyone else wish to express their views?

Fitzgerald (u): That about winds it up, Commissioner.

[The company requested a recess.]

Fisher (m): There are some things that I am going to say that I wish were not necessary for me to say. Much of the union's statement, if you analyze it, wasn't factual at all. It didn't deal with things that could be demonstrated. It dealt with things that were feared. It dealt with opinions, points of view, men's emotions. And it is a very hard thing to talk to people's emotions, because you are never quite sure that you are doing the right thing, hard as you may want to try.

I think in this whole situation there are a number of things at stake. And many of them are much bigger than even our company or your union. Personally, I feel that they are at stake because, over a period of eight years, I have had the privilege of working with your unions and with your company. I have been an outside guy, and yet I am an inside guy. I have found that your union representatives, even when they were angry and sore and mean—and they get that way just the way we get that way, because we are all human—even in their worst moments, they were all men whose word could be trusted.

They have always been honorable. If they have given a commitment, they have stood by it. I have found in most cases they were men who could be reasoned with. And when the heat of any particular controversy has subsided, we were always able to work out an answer which spelled a fair solution for both sides. In other words, we adopted a philosophy of persuasion as the dominant note in the labor relations that we were trying to build. And persuasion has brought you a long, long way.

Ever since I can remember anything about this company, in terms of prevailing standards in the communities in which you worked, you were ahead of the procession, and you know it. And today you are even further ahead of the procession, and you know it. Now, you've gotten there not because the company was a great big, generous, good-hearted "Joe"; you had something to do with that; because working through persuasion, you were able to make us see that a position which we had taken ought to be modified. And by the same token, when you were off to a bad start, we were able to make you see that you needed to change some of your attitudes. And that was possible because we all dealt as honorable men who had faith in each other. And at no time have we challenged your good faith, and I don't intend to challenge your good faith today. I think that you are sincerely misguided and mistaken, and I am not content to let any further time go by without speaking to you as frankly as I wish you would speak to me.

What are these things that are at stake that are bigger than either of us? Your union and this company have built a reputation which is the object of admiration in the entire labor movement. And it is a funny thing to me that Lever Brothers is so loved by the labor unions, but it is true. We know that you are proud of us, because if you weren't you wouldn't always point to Lever when you are working elsewhere. And you can't kid us, because we know how much you use Lever's as an example of what other companies should do in industry. But a strike would be evidence that our philosophy of persuasion, the philosophy of a generous labor relations policy, couldn't work; and therefore, it might provide some people with some justification for their own small-minded attitudes. A principle is at stake, and you can either give it a kick in the tail or you can grab its elbow at a time when it needs help.

And there is another thing at stake, and let's face that, too. The labor movement doesn't have too many friends among big business—not too many men who would be willing to risk personal reputation to stick their necks out and speak up for labor, but you can't name anybody who has done a better job than Chuck Luckman. And I must say it was with some resentment and anger that I felt you were trying to trip him up here and there. Mr. Luckman is not only represented as as liberal a fellow in labor relations as you can find in big business, but he has lived it; and in your heart you know that he has lived it. At stake is whether labor is going to value its friends inside of business or whether it is going to abuse them. That is another decision you fellows have got to make.

And that leads me to a third point. You fellows in every community have a wage structure that you know is good, is fair, is equitable. I sometimes think we have spent too much time with charts, and too much time with statistics, and too much time with proof. What we really ought to tell you is: Where can you do better? Where is there a place you would rather work? And I know, once again, that inside of you, you would say that you would rather work here than any place else. And you can bluff me on the other side of the table, but I don't buy the bluff, because I know what the facts are just as well as you do.

Now, you say to us you have cooperated. That's right, you have. You say to us that you have given us good productivity. That's right, you have. You say to us that you upheld the disciplinary system in the plant, you have corrected the drunks. That's right, you have. But, by God, that's what you ought to do. You're not doing us any favors when you do that; you're doing what you're supposed to do in terms of being mature trade union leaders and men of responsibility. You've got working conditions and a wage structure that entitles us to expect that kind of cooperation from you. If you were in some little sweat shop, and you gave the kind of performance that you have given, that would be a different matter. But you have given us fine performances as great union leaders, and we appreciate it; and we don't attempt to deprecate it. And it has been your performance as trade union leaders, and it has been your responsibility, and it has been your imagination that has enabled us to get where we are. But once again, gentlemen, we have gotten there through persuasion. And the only way we are going to make progress in the future is through persuasion, which brings me up to the other alternative, and that is force.

I think that some of you think the company has to have the blocks put to it before it will give you what you think you ought to get. But I want you to know that it is a mistake, a very serious mistake. To put the matter more bluntly: if we have a strike here, it is going to be a test of strength. It is going to be a test to find out whether or not pressure can compel Lever Brothers Company to give something that persuasion can't. And we tell you that we can't afford to let that principle get established.

I repeat, gentlemen; you have come a long way by way of persuasion. You have still a long way to go before we round out our lives. And we will make that progress together, provided we do it by persuasion, but we will never do it through force. And if, in the process, we sacrifice some of the things we fought pretty hard to build up, then, believe me, we have lost a lot more than any of the issues that are at stake in this negotiation.

Conciliator: We would like to caucus.

Fisher (m): I feel we should keep at this discussion until we make or break on it. There is not any point in caucusing. The time is getting very short. We want to know where we stand.

Conciliator: Well, we would like to caucus.

CIO: Fifth Session—March 10

(10:30 A.M.–1:15 P.M.)

[The conciliators were present.]

Fisher (m): You gentlemen have, from time to time, brought in evidence along two lines. First of all, you have told us that Hammond wasn't like Chicago—remember, when we were here last time? We had brought in one advertisement.

Krapac (u): That's right.

Fisher (m): We began to ask ourselves some questions, and we thought: there is a possibility these guys are right. There wasn't any easy way to

answer that question, so we dug into newspaper files feeling that one illustration was not fair.

Here are some advertisements run by the grocery firms having stores both in Chicago and Hammond. This particular set of advertisements was run on September 23, 1948. Both advertisements have 90 items in common —pretty good range. It is an interesting thing, gentlemen, that the prices in these advertisements are identical, except for two items. Well, we thought one swallow didn't make a spring. Maybe that was a neurotic day. So here are two more ads appearing on December 28, 1948, one for Chicago, the other for Hammond. These advertisements cover 93 items. All prices agree, except for one item.

Some more advertising appeared on October 22 in Hammond and October 21 in Chicago. The ads were just a day apart—78 items, prices identical. Here is Kroger selling 46 items in two more ads. Forty-five of these items agree. Here are some A & P ads in Hammond and in Chicago dated Oct. 12, 1948. One hundred and seven items: eggs, cheese, bakery products, fresh fruits and vegetables, canned goods, meats, poultry, fish, soap, tea, coffee, ice cream—107 items, and all of them are exactly the same. Now, Mike, you put us to a lot of work, because we thought maybe you had something.

Stawicki (u): We didn't mention that all the items were different, just some.

Fisher (m): But, look at the record, Paul, and you will find you fellows sought to create the impression that Hammond was a higher-cost-of-living area on food than Chicago—

Krapac (u): We argued about the neighborhood stores.

Fisher (m): —and I told you that I doubted it, but that I couldn't prove it, but that I would.

Krapac (u): You are speaking of chain stores, and we restricted our arguments to small neighborhood stores.

Fisher (m): All right, how do you know what the small neighborhood stores charge in Chicago?

Krapac (u): So you can't go by the advertisements.

Fisher (m): Sure you can, because you can get an average. You had better be fair. It was a great idea, but it didn't work. I thought these advertisements would interest you, but apparently they don't. Am I to understand that your whole attitude stems from a belief we are faced with a rise in the cost of living?

Stawicki (u): We have pointed out that some things have gone up.

Fisher (m): But you do admit the Government figures have been down for the last four months?

Stawicki (u): Yes, but the cost of living is today higher than it was a year ago. Is that true or not?

Fisher (m): Yes, that is true.

Stawicki (u): Doesn't that merit an increase?

Fisher (m): I don't think so. Last year the increase negotiated was given in anticipation of a rise in the cost of living.

Stawicki (u): Well, it doesn't seem to us that the increase granted was sufficient.

Fisher (m): Perhaps you don't think it was sufficient, but I think we ought to get another thing clear. You have mentioned a subsistence budget. Well, we were impressed and looked into it. You see, we *do* listen to you. Gerry, will you tell the fellows what you found out?

Gamber (m): On page 93 of the transcript, Mr. Rumps made the following statement: "And according to the Bureau of Labor Statistics it requires $4,000 to provide adequately for such a family." We presume that you have reference to the city worker's family budget, the family of four. I don't know where you got your $4,000 figure because the Bureau of Labor reported in January, 1949, that this typical family budget for the Chicago area was $3,423. We went further. We determined the size of the families of each of our workers at Hammond. We found that our average worker at Hammond had 2.7 dependents, not 4.0, and therefore required a budget of $2,660 on the basis of the BLS formula. Actually, however, the average Lever employee's take home pay in 1948 was $3,892, or 46% above the BLS city dweller's budget.

Fisher (m): Gentlemen, I think we have demonstrated a willingness to examine your arguments and to weigh them. As you can see, we have gone to no small trouble to find out where the facts lie. Now, we think the time has come for some fairly plain talk. We have told our AFL unions that we are not prepared to grant any increase, nor to liberalize any of our benefit plans. We have not taken that position arbitrarily. We have taken it on the basis of as much objective information as we could accumulate, and we have reserved judgment right along with the thought that it was possible that additional evidence might indicate that our position was wrong.

We face, of course, the fact that our contract expires with you in three days, and I think that we should indicate that we would regret it if you should see fit to exercise a force which you are entitled to exercise under the law. I think, however, that I should tell you what I have already told the AFL group. I am afraid that some members of this committee have a suspicion that the only way to handle the company is to put the clamps on and the company will give in. It is understandable that people might feel that way, but that doesn't make it correct, and I want to make a last-minute effort to give those of you who do not share that point of view an opportunity to give additional evidence in support of your own conclusions.

Now, as you gentlemen know, there has been a disagreement within the AFL. There has been a possibility all along that three of our AFL plants might sign up and that one might not. There has been a possibility that you might not sign up, so Hammond and Cambridge might go down together. Those are two of our largest plants. We know what their production is and what the production loss would be if that should happen. If it does, we will take it. I think you should know that if that happens, the company will then be in a position that it cannot possibly afford to yield to pressure, and so we are determined in our own mind that if we are compelled into a struggle,

it will be a very long one. I might say that in the event any plants close, there will be no problems regarding pickets because we will not attempt production.

I have made our position clear not in any challenging sense, but simply to be sure you understand it. We feel you fellows have some of the best jobs in the country. We think you know it. We get a kick out of the fact that you try to bluff us, but, gentlemen, we are not bluffed.

Gentlemen, the days of pattern increases are over, and we have no intention of going against our very well considered judgment and yielding to something simply to buy off pressure. We hope that you listen to our evidence. We will judge the results.

Krapac (u): What you have had to say to us was said to the membership. There was no sales talk on a strike vote. We left it up to the membership entirely. You have shown me a lot of statistics, a lot of charts. But prove them to the people back home. What they have decided to do wasn't done by anything Krapac had to say, or Rumps, or any of the boys on the committee. We gave an impartial report when the strike vote was taken.

Fisher (m): Mike, I don't doubt that what you say is true. You fellows have always been square with us, and we have tried to be square with you. If we do have a dispute, it is not going to be an outgrowth of any personal animosity. I think, however, that your committee has the responsibility to do something more than give an impartial report. I think it is much better than to make a distorted and biased report, but it is not as good as exerting the privilege of leadership.

Now, your rank and file will always be ready for an increase, but the test of your leadership, now that the going is rougher, is not going to be your impartiality. It is going to be your ability to face facts, and then convince the people by pure persuasion, within your own group, to accept the conclusion you have reached.

Stawicki (u): Well, Mr. Fisher, we feel that the facts we have presented should merit an increase at this time. We just can't convince ourselves that the company is right in the evidence that they have presented to us, because there will be fourth-round increases.

Fisher (m): Paul, let me talk to you personally since you and I are both professionals. We analyzed 61 contracts that your organization holds to determine the average increase you have been able to negotiate with companies since V–J Day. It has been 40.8 cents. Now, they range from 11 companies, where you have negotiated less than 30 cents an hour, all the way to one company where you got 56½ cents. Lever has granted you 58.1 cents in increases since V–J Day. When you tell me that you are establishing fourth rounds in other companies, I tell you you ought to go ahead and establish fifth, sixth, and seventh rounds. You ought to do it in a hell of a hurry, because you won't catch up with what we have done in the first three. The Lever contract ought to be a Bible for every organizer right in your own union. I think you ought to recommend to your own committee that they accept this thing.

Krapac (u): In other words, you want us to wait until the other companies catch up with us.

Fisher (m): No, I don't, but I want you to recognize that these increases given last year were given in anticipation of the increasing cost of living, and the cost of living has been coming down.

Stawicki (u): If your wholesale price goes up, your retail is bound to go up also.

Fisher (m): Now, if you fellows are worried that you might get caught for a whole year, and this cost of living situation might misbehave, let's talk about it, but let's not get it confused with your desire for a general increase. If you want future protection against a sudden rise in the cost of living, then say so, and we'll listen.

Stawicki (u): I would like to request an adjournment.

[At about 7:30 P.M., the union's request that negotiations be adjourned until March 15 was granted by the company. Both parties agreed to maintain the status quo in the Hammond plant as negotiations continued.]

AFL: Thirteenth Session—March 10

(3:30 P.M.–4:00 P.M.)

Conciliator: We have been with the boys for quite some time, and they have also had conferences of their own. They have asked you to come in because they have a few things they wish to say, which I am sure you will be pleased to reply to.

Fitzgerald (u): Yes, we'd like to revise our contract demands.

[All previous demands of the union were withdrawn. The following proposals were submitted in their place: (1) a five per cent wage increase; (2) a hospitalization and sickness benefit program paid for by the company; (3) an additional two and three-quarter paid holidays; and (4) "continued discussion" on the pension plan.]

Fisher (m): All right. Let's see if I understand this, gentlemen, in summary. All of the agreement appears to be in shape, except for a current demand for a 5% wage increase and 10 holidays?

Fitzgerald (u): Yes.

Fisher (m): Hospital and medical plan?

Fitzgerald (u): Right.

Fisher (m): And further discussion on the pension plan? Is that correct?

Fitzgerald (u): That's right.

Fisher (m): Gentlemen, is this your final offer to us?

Fitzgerald (u): No.

Fisher (m): Okay. We'll take a recess.

[At approximately 6:00 P.M., the company sent a written message to the union via the conciliators. Essentially it made four points: (1) the union's counterproposal was unacceptable; (2) the company had stated its final position in regard to economic demands explicitly in negotiations; (3) the management would be glad to work out a formula to provide for a reopening

of wage discussions at an appropriate time if the union feared a rise in the price level between March, 1949, and March, 1950; and (4) the company would meet again only when the union was willing to accept the company's final proposal. When the conciliators informed the AFL negotiators at about 8:00 P.M. that the CIO had recessed its negotiations until March 15, the AFL obtained a similar postponement.]

CIO: Sixth Session—March 15

(10:30 A.M.–12:30 P.M.)

[After expressing the union's willingness to settle its differences with the company, Mr. Stawicki explained that the union was amending its original demands by withdrawing the following:

1. Double time for work in excess of eight hours within any twenty-four hour period, and double time, in addition to regular pay, for hours worked on Saturdays, Sundays, and holidays.
2. Revision in the vacation plan granting one week's vacation for six months, two weeks for one year, three weeks for eight years, and four weeks for twelve years.
3. Eight hours' call-in pay.
4. One day's pay for absence to attend the funeral of a relative.
5. Pay for time lost on jury duty.
6. A wage increase of 27 cents an hour, in place of which was submitted a request for a 12-cent increase.

Mr. Stawicki concluded with the following statement: "We have heard rumors that there's something in the company's mind over and above what they have explained to us during these negotiations, and we would like the company to really lay the cards on the table. If there's something in your mind, we wish you would lay it on the table and let us know exactly what it is." After a discussion "off the record," Mr. Fisher requested a management caucus, and the meeting was adjourned subject to recall at a later time.]

AFL: Fourteenth Session—March 15

(4:30 P.M.–2:30 A.M., March 16)

[Mr. Belkin re-entered the negotiations.]

Belkin (u): While we can't tell you what our position is at the moment, we want you to know that we are forming a position. Now, the boys from Cambridge, particularly, are not sure what position our local group should take, and therefore they ask at this time that they be permitted to meet with certain members of management whom they wish to name at this time for a brief meeting. Is that right?

Healey (u): That's right. I suggest we go off the record.

[A recess was taken until 9:30 P.M.]

Belkin (u): We have been meeting, and we are unanimous in our opinion that the proposal we are going to make to you is fair. We don't think it

will cost the company much. It will help improve relations, and it is not one of the things we have been guilty of before, of asking for the moon and then seeing whether we can dicker with you. We are not dickering with you now. We have reduced our demands, our proposals—they aren't really demands because they aren't going to be made in that sense—to a real minimum, something we feel you will be pleased to hear.

Fitzgerald (u): We have gone a long way, and we hope the company will give this good consideration. We propose a wage reopening clause in six months, with a ten-day contract termination; hospital and medical service paid by the company; nine holidays; and a pension with a $50 minimum.

Belkin (u): We believe that the policy of Lever Brothers has been that, if their situation permits, they will, of their own volition, improve the lot of the people who work for them. We know that in the past, even though you had no contractual obligation to do so, when the company had additional money, you called us in. We feel that in six months from now we would like to talk to you about the economic picture, and we feel sure you would like to talk to us.

Fisher (m): I think I understand your position. I might say without caucusing that, on a reopening formula, I am somewhat sympathetic. But that is the point at which our thinking stops. In other words, I don't think that we are prepared to reopen the contract and go through these extended negotiations six months from now. On these other things, I am pessimistic, Lou. However, I do want to take a caucus and discuss this with my group.

[A caucus was taken from 9:55 P.M. until 10:45 P.M.]

Fisher (m): I would like to comment briefly on your four items. We would be prepared to have a contract for a year, or we would be prepared to have a cost-of-living reopening along some sort of formula that we could decide. With respect to item No. 2, hospital and medical insurance, we do not feel that we are in any position to add to the expenses that have already been incurred. With respect to the nine holidays, I should like to suggest that we convert Presidential election day, which was observed last year, into an eighth holiday for the future, and that we have an understanding that election day will then become one of our holidays so that we don't continually get into the situation every four years. In other words, we are prepared to agree to eight paid holidays. Now, with respect to the problem of pensions, I would like to make this statement of policy, and let it rest there. If the union cares to bring to the company's attention any case of bona fide hardship by any long-service employee at any time, we will give that problem our most serious and sincere consideration. I think we are very close to an understanding here, and I hope very much that it will be possible to consummate it.

Belkin (u): Well, I think we had better call a caucus.

[A caucus was taken from 11:15 P.M. to 12:15 A.M. The union returned and stated its position as follows: (1) a contract for one year with no wage reopening; (2) withdrawal of all pension proposals, but continuation of discussions during the contract year; (3) reduction of the hospitalization and sickness benefit proposal to include hospitalization only; and (4) retention of

its proposal for nine paid holidays. The management asked for a caucus and returned at 2:20 A.M.]

Fisher (m): Gentlemen, I think that you will be pleased to learn that we are unanimously of the opinion that your last proposition is a fair one.

Belkin (u): We are very much pleased that we have come to this kind of a conclusion, and hope this year we will continue the very, very satisfactory relationship that has existed in the past. I want to express my own appreciation to each of these men who represented our people. It seems to me that too often their efforts are not fully recognized by their members. I also want to thank you, Austin, and the company for the sincere method in which you have dealt with us. We really appreciate it.

Fisher (m): Thank you, Lou. I am sure you know that we hold all of you in the highest personal esteem. I should also like to pay the very highest tribute to all of the men on the management side. They have worked hard and participated to an extent which should make the effectuation of our contract and the living under it a mutual experience which can only auger good things for our relations between Lever Brothers and the American Federation of Labor.

CIO: Seventh Session—March 16

(11:00 A.M.–12:50 A.M., March 17)

Conciliator: The last session the union gave the company a new proposition. The company has not yet answered it.

Fisher (m): I think, as you know, the answer is "No." We will not grant any kind of a wage increase. We might say that we have been worked on by the Conciliation Commissioners until we are fairly blue, and we have been asked to give some encouragement to an idea which they were the first to propose to us seriously. It is a four-point idea. The first was a contract for a year on existing wages; the second, company-borne hospitalization, Blue Cross; third, nine holidays; and fourth, joint analysis of pension problems during the forthcoming year. We have told them that we think that these points have a certain merit which we can't afford to overlook at this time. We also indicated that to the Federation, and we believe that is the solution to our problems with them.

Stawicki (u): Are you certain that is the solution?

Fisher (m): Quite certain. Now, I had hoped that in line with your earnest suggestion, we try to find in the fringe areas something making it possible for you to sell a difficult package to your membership. But, gentlemen, I want to reiterate: we are not going to agree to any kind of a wage increase.

Krapac (u): There is no reopening clause in the contract.

Fisher (m): We are not going to stand on that position. The company would be willing to reopen.

Stawicki (u): I would like to call a short recess.

[A recess was taken from 11:10 A.M. to 12:20 P.M.]

Stawicki (u): Well, we feel we couldn't sell your offer to our people, so we

would like an extension of the contract until July 15, and if we can't get it settled by then, we will be allowed to use our economic strength at that time.

Fisher (m): We would like to caucus.

[A recess was taken from 12:45 P.M. to 1:55 P.M.]

Fisher (m): We have faced always the problem of dealing with two groups, both of whom have certain rights, and with a management problem, to preserve our sanity, of adopting a uniform point of view. I told you earlier that the formula suggested had met with approval of the AFL locals and our management. If any doubt resides in your mind, I have just spoken with Mr. Bradley and he too had confirmed the settlement. We have entertained your proposal, gentlemen, and we do not find it acceptable. We have indicated our final position to you, and we will not deviate from it.

Stawicki (u): I don't see why the company should object to the proposal that we have made. All that we are interested in is protecting the future.

Fisher (m): The basis for a reopening was for the contract to remain as is. Our contract has not remained as is because, due to representations made by you and your associates, we were induced to make concessions on fringe benefits.

Krapac (u): As far as we knew, the fringe issues were setted between the AFL and the company. We were left on sort of a limb, you might say.

Fisher (m): Let me tell you why. Until two days ago, you were still at 27 cents. A day ago you were at 12 cents, notwithstanding the fact that we had told you repeatedly that there was not going to be any wage increase. When you first got a turndown you just walked out.

Krapac (u): Sure, got turned down by *you.*

Fisher (m) That's right. AFL got the same treatment, but they stuck around and talked, and we got a lot of problems straightened out.

Krapac (u): What did you talk about?

Fisher (m): We talked about other aspects of the agreement.

Krapac (u): We didn't have anything. There was nothing else but monetary issues.

Fisher (m): I am not trying to tell you how to run your bargaining. What I am trying to tell you is that the discussions were impeded by what we felt was a precipitous move on your part.

Stawicki (u): I think your attitude is unfair.

Fisher (m): You are entitled to characterize my attitude in any way you like. But I will not agree that if there is a fourth round we will have a wage discussion for reasons that I made abundantly clear to you sometime ago; namely, that the increases this company has given since V–J Day are so far in excess of other companies that whether they give a fourth-round increase or not doesn't make any difference. What you want is a broad reopening power?

Stawicki (u): All that we want is a fair reopening clause.

Fisher (m): Would you answer my question? Is that what you are asking for?

Stawicki (u): Yes. That is what we are asking.

Fisher (m): I have indicated at no time that I would be interested in an unconditional reopening. I have indicated we would be interested, in return for a signature on the contract as is, in a reopening in six months based on cost of living.

Krapac (u): The union has never indicated they would accept fringe issues for a year's contract.

Fisher (m): I think that is correct, but it is as far as we are prepared to go.

Stawicki (u): Do you think that if we did finally agree to something along those lines, that we would reopen that contract if there wasn't justification for it?

Fisher (m): I don't know what you would do, because everybody has a different view of what constitutes justification. We felt that somehow our concessions would be something you could take to your membership. One of the things, the holidays, is an answer to a specific request you made. The other locals in the AFL had hospitalization, which was bothering them.

Krapac (u): They also had holidays. And you gave them both their requests.

Fisher (m): It is not a question of giving both requests to one group and none to the other. It is a question of making intelligent social progress for this company.

Krapac (u): It seems the company's thought is only to satisfy the AFL group, because you didn't consider our request whatsoever. Both of those requests are definitely AFL requests.

Fisher (m): As far as your wage requests are concerned, and as far as their wage requests are concerned, the answer is identical. We will not agree to a wage increase. We are dealing with two unions, and the only way in which we can find any peace of mind is to say that we'll listen to both and we'll consider your needs. Neither one is going to be completely satisfied because we can't give everything to one and nothing to the other. If you gentlemen want to reconsider our offer, we will be very glad to have you do it.

Stawicki (u): I would like to call a recess.

[A recess was taken from 2:20 P.M. until 12:15 o'clock A.M.]

Fisher (m): I understand from the Conciliators that you would like to report back the proposals to the rank and file.

Stawicki (u): We feel we should let them decide what they want to do.

Fisher (m): Would you consider an extension of the present agreement until a fixed date?

Stawicki (u): We will give you the understanding that everything will remain in status quo.

Fisher (m): This business of status quo is all right during negotiations when we are in constant touch with each other, but it is not quite satisfactory when we are going back to our respective places. Let's have an extension of the present agreement until Monday a week. Let's execute a new agreement for a period of one year containing the terms we have talked about, subject

to ratification by the rank and file. Then if the new agreement is ratified, it will supersede the interim agreement. If not, then there is no agreement between us. [The union agreed.]

CIO: EIGHTH SESSION—MARCH 17

(10:30 A.M.–6:00 P.M.)

[The parties spent the entire day in resolving noneconomic issues and problems of contract language. Economic issues were not discussed.]

CIO: NINTH SESSION—MARCH 18

(10:30 A.M.–1:15 P.M.)

[The parties concluded their discussions of the noneconomic issues. The session ended as follows:]

Fisher (m): I would like to have you believe that what I am going to say to you is said with great feeling of personal friendship for many of you with whom I have worked in the past, as well as men I have learned to know a little bit this year for the first time. Generally, the arguments that work best in these situations are those which appeal to the selfish interest of the people who are affected; and I would like to tell you why I think in your own interest you ought to recommend this contract to your rank and file.

The chances of a strike in Hammond are rather good because Hammond has always been a money plant. The boys there have always been fellows with an eye for a buck. This is probably the first time that the company has told them they will have to stand still. And they are not going to like it. So I think it is fairly clear that unless you go out and do a selling job, the chances of their taking adverse action are rather good.

We are interested in seeing you recommend this because we feel that a strike will ultimately fail. Unions that have lost a strike have a habit of replacing officers, and it is very likely that you will send back a new negotiating committee next year. We have a selfish interest, and that means we would have to start in with this whole thing all over again. Say what you will, a negotiating conference is an education for everybody who attends it. We learn more about you and you learn more about us. The greatest understanding is possible between people who have met often and frequently.

Now you may ask why I think that a strike would fail. Let me give you several reasons. First of all, you are not going to get teamster cooperation. If you don't get teamster cooperation, the company remains unharmed. Your only other hope is the railway clerks who are independent and hard to get to because in every center where they operate they act in a different way.

My next point deals with the money question. Whatever money your local has been able to accumulate will dissipate very rapidly. In addition, your own International is a relatively new and young organization and, therefore, has not had the advantages that many of the older unions have had in

accumulating large sums of money. Therefore, the amount of help they can put at your disposal is limited.

There is another consideration, and that is the extent to which a community will sympathize. If you have a good, hot, emotional issue around which your strike can be built, you can always get plenty of sympathy. But here, the people whom you are going to ask to sympathize with you—at least 80% of them—are making less than you are. They have jobs they would be very glad to swap with you. Those are very practical reasons why I think you ought to calculate the probable outcome of this thing.

Now then, let us assume, however, you decide to strike. What does it cost a man to strike for five weeks? Well, you all know your own personal arithmetic. Take a guy with a $1.57 an hour rate. If he goes on strike it costs him $315. Take the fellow with a $1.69 rate; it costs him $338. Take a fellow with a $1.82 rate; it costs him $364. And you have got to make that up sometime. If he loses the strike, and he doesn't get any kind of an increase, he never makes it up. He is out of pocket. If he wins, and if he gets some kind of an increase—which is impossible in this situation, but you may not face that fact—if he gets a nickel-an-hour settlement, how long before he is even? If he gets a nickel-an-hour settlement, the $1.57 fellow on a five-week strike requires 37 months to come out even—even with a nickel increase. If he gets a 10-cent-an-hour increase, the $1.57 fellow after a five-week strike takes 18 months to make it up. So how in the name of God can you figure there is any arithmetic there, even if you win?

I have told you these things because we like you and respect you as human beings, and because we feel that you would be making a horrible mistake. I think Paul has got a stake in this thing too, personally. He is a young labor leader. He is just coming to the fore. It is not going to do him any good to have a failure here.

I hope very, very sincerely that this thing will work out all right. If it doesn't, we will play fair with you. I think you all know that. We are not dirty fighters. But if you do strike, we will fight back. I have enjoyed meeting with you. I hope next time we meet, it is going to be under happy and productive auspices.

Krapac (u): Thank you, Austin. I would like to say for the record that if a strike develops we will assure the company of a decent shutdown. There will be no harm done to the company property whatsoever.

Fisher (m): Thanks, Mike.

Gamber (m): I would like to say that I have enjoyed having this opportunity to know you a little better, and I hope in the year to come that in working together we can know you still better.

Stawicki (u): I want to say a few words. We have had some fine negotiations. Even though we have had disagreements, I am almost certain that the relationship will continue for the future.

[The AFL unions ratified the master contract and the local agreements Sunday, March 20. A week later the Hammond CIO refused to ratify its

contract, but authorized its committee to continue negotiations. Mr. Fisher and the management committee met in Chicago with the CIO group on March 28–29 without making further concessions. The contract was ratified by Hammond on April 3.]

Discussion Questions

1. Evaluate critically Mr. Healey's statement of union position in the AFL session of March 9. What are the principal factors upon which he based his argument?

2. Analyze the response to Mr. Healey made by Mr. Fisher in this session. How does it compare in its nature with statements made by Mr. Fisher in prior sessions? How would you explain Mr. Fisher's opposition to a caucus at the conclusion of this session?

3. Analyze management's discussions regarding the possibility of a strike in its sessions with the CIO on March 10 and March 18. How did management handle the same problem with the AFL? Do you consider management's approach appropriate in each instance? Why or why not?

4. Analyze critically the bargaining strategies of the AFL, the CIO, and the company at each session, beginning with the thirteenth AFL session held on March 10. What problems did each of the various parties face as the negotiations progressed?

5. What do the Lever Brothers cases bring out regarding the functions that recesses serve in negotiations?

6. Compare the handling of these negotiations with those in the National Food Specialties, Inc., and the Industrial Processing Company cases.

THE FAIRMOUNT SUPPLY COMPANY

WAGE ADJUSTMENTS IN RECESSION

I

The Fairmount Supply Company, The Fairmount Laundry Service, Inc., and the Waverly Supply Company, under common ownership, manufacture machine wipers and cotton buff wheels. Employees are represented by the Textile Workers Union of America (CIO). The agreements under which this case arose ran concurrently from April 1, 1948, to April 1, 1950, with a wage-reopening provision as follows:

> If either party shall become convinced that a change in wage levels is warranted, it may give notice not later than the second day of February in any contract year. If any change shall, by mutual agreement, be agreed upon, or shall be determined by arbitration, it shall become effective on the first day of April next thereafter. If the parties find themselves unable to agree on wages, then such dispute shall become the subject matter of arbitration.

The union made a request under this paragraph for a wage increase. Unable to agree, the parties submitted the matter to arbitration. At the hearing, the following were in attendance:

For the Company

Lawrence Fielding, Company Counsel
Philip J. Kerr, Vice President and General Manager

For the Union

George C. Pearson, Fairmount Area Director
Peter Sandore, Waverly Area Director
Guy Cantabrio, President, Fairmount Local
Mary Cooney, Secretary-Treasurer, Fairmount Local
Henry Norbeck, President, Waverly Local
Rose Antoine, Steward, Waverly Local

Excerpts from the proceedings follow:

Fielding (m): During negotiations the company raised the question of a reduction in wages in view of prevailing business conditions. However, because of the uncertainty of the outlook, the company prefers to wait and see if business does not improve. Therefore, the company waives any claim to request a reduction now.

Pearson (u): That saves a lot of argument. The union requested a general hourly wage increase of 10 cents effective April 1, 1949. I would now like to read into the record a statement of the four principal bases upon which this request rests: (1) cost of living, (2) competitive rates, (3) trends in wage standards in American industry, and in textiles in particular, and (4) finally, despite admitted temporary market stresses, the ability of the company to pay the increase.

As to the cost of living, wage rates at the plants are inadequate. The state Department of Labor has compiled a budget of "The Minimum Required Expenditures of a Single Person Living Alone and Taking Meals Out Sufficient to Meet the Minimum Cost of Living Necessary for Health." According to this budget a minimum of $1,336.38 a year was required in September–October, 1946. Applying the increase in the state's Retail Price Index since September–October, 1946 (10.9%), the computed minimum budget as of March, 1949, amounts to $1,482 per year, or 74 cents per hour (assuming 2,000 hours of work per year). The hourly rate of the majority of Fairmount workers is 68 cents—clearly substandard. Minor price reductions have not brought the cost of living down to the level of a year ago. Moreover, the downward trend was reversed in March, 1949.

To show that Fairmount rates are substantially below rates in other organized wiper plants, the union's research department has compared the former with four Textile Workers' plants of comparable size.[1]

[1] See Exhibit 1.

EXHIBIT 1

THE FAIRMOUNT SUPPLY COMPANY

Wage Rates at Wiper Plants Having Contracts with Textile Workers (CIO)
April, 1949

Classification Rate	Waverly Supply Co., Rhode Island	Fairmount Laundry Service, Inc., Rhode Island	Fairmount Supply Co., Rhode Island	National Wiper Co., Illinois	Dutton Corp., Ohio	Midland Bag Co., Illinois	Knickerbocker Cotton Goods Co., Illinois
Female jobs:							
Minimum rate	$0.605	$0.68	$0.68	$0.67	$0.72	$0.68–0.79[a]	$0.72
Bundlers	0.605				0.72[b]		0.87[c]
Others (after 1 year)	0.68[d]	0.68	0.68	0.80	0.90[e]	.91–.94[a]	. . .
Male jobs:							
Minimum rate	0.755			0.91	0.90	1.00	0.97
Maximum rate	1.005[f]	1.005	1.005	1.01[g]	1.275[h]	1.20[i]	1.17[c]
Feeder			0.78		1.00[b]		
Laundry:							
Washmen	1.005				1.25		
Pullers	0 905				1.20		
Extractors	0.855				1.00		
Dryers	0.855				1.00		

[a] Lower rate applies to pieceworkers, higher to time workers.
[b] Hourly guarantee on piecework.
[c] Automatic after 60 days.
[d] Plus bonus, if any; average hourly earnings in week ended April 26, 1949, were $0.68.
[e] Hourly guarantee on piecework for feeders.
[f] No automatic progression.
[g] Automatic after six months.
[h] Maintenance rate; maximum production rate is $1.10.
[i] Automatic after nine months.

Arbitrator: I note your rate comparisons do not run through all companies in each classification.

Pearson (u): No. As a matter of fact, there are many more job classifications in this company, too. But our research department has had to limit comparisons to available data.

Now to turn to general wage trends. The workers have not enjoyed the benefits of improved wage standards typical throughout the textile industry—and all industry—since the war. We have tabulated a comparison of the wage gains of our workers and of the cotton-rayon and woolen and worsted workers in New England.[1]

EXHIBIT 2

THE FAIRMOUNT SUPPLY COMPANY

Postwar Wage Increases in New England Textiles

Date	Waverly Supply Co.	Fairmount Companies	Cotton-Rayon Industry	Woolen and Worsted Industry
1945 November	0	0	$0.08	0
1946 February	0	0	0	$0.15
June	0	$0.075	0	0
August	0	0	0 08	0
November	0.05	0	0	0
1947 January	0	0	0.10	0
February	0	0	0	0.15
June	0	0.05	0	0
August	0	0	0.05	0
November	0 05	0	0	0
1948 January	0	0	10% (0 105)	0
February	0	0	0	0 15
April	0.055	0.055	0	0
Total	$0.155	$0.18	$0 415	$0 45

Pearson (u): Mr. Sandore has some more data on the substandard character of company rates.

Sandore (u): The Bureau of Labor Statistics prepared a City Worker's Family Budget for 34 cities. The budget is intended to cover the necessary minimum to meet American standards. "Necessary" is given the common interpretation as including what will meet conventional, social, and biological needs. It represents what men expect to enjoy, feel that they have lost status and are experiencing privation if they cannot enjoy, and what they insist upon having. It does not represent the American ideal way of living.

As of November, 1948, the average cost of this "necessary minimum" amounted to $3,365 per year in the 18 cities for which BLS Consumers' Price Indexes were available, and $3,483 per year in Boston, the city nearest Fairmount's plants. Assuming 52 weeks' pay per year, $64.71 per week

[1] See Exhibit 2.

would be required to meet this budget. The average weekly earnings of the Waverly employees, week ending April 26, 1949, were $30.40, probably typical weekly earnings. There was, therefore, an average deficit of $34.31 per week.

The practice of using budgets as an objective test of wage rates is deeply rooted in American collective bargaining and arbitration. The National War Labor Board during both wars adopted this procedure. The National War Labor Board of World War II ordered a new minimum wage as a necessary step toward the correction of substandards of living. Various state minimum wage laws for women and minors require the establishment of rates equal to the sum needed for a proper living standard. Arbitrators have commonly considered the cost of specific budgets in appraising the adequacy of wages.

The Consumers' Price Index is not a precise measure of changes in living costs. It measures the price changes of a fixed list of items selected as representative of family expenditures in 1934–1936. It does not reflect shifts in the pattern of family expenditures since then. The President's Committee in 1944 recognized these limitations, which resulted in changing the name of the BLS index from "Cost of Living Index" to "Consumers' Price Index." The Committee stated:

> The widespread opinion that the BLS index grossly understates the rise in cost of living is justified, if cost of living is taken to mean the amount of money a family spends for the commodities and services it buys.

The major shortcomings of the BLS index are: (1) it fails to measure actual increases in contract rents; the effects of shortage in rental units, and increased cost of home purchases since prewar; (2) the BLS specifications for retail pricing of clothing are too vague to differentiate grades and to test quality; (3) price increases which are not reflected in the BLS index result from a shift by manufacturers from lower to higher price lines; and (4) the weights used to combine the items in the index are based on consumption in the depression period, 1934–1936.

Finally, fringe benefits received by the workers properly enter into any test of the adequacy of wage payments. The union has therefore compared the benefits given here with those granted in the New England area. The preponderant majority of workers in this area enjoy one week's vacation with pay after one year of service, two weeks' after five years, and many workers enjoy three weeks' after ten years. In this company, workers only have one week's vacation with pay after twelve months. So too with holidays—most workers in this area enjoy six paid holidays or more. In this company they only have three. The majority of employees enjoy life, surgical, medical, hospitalization, accident and sickness insurance benefits, while here they only have Blue Cross.

Legislation is pending in Congress requesting that the minimum wage be increased to 75 cents.[1] Yet in our highly industrial state, we find this company paying less than a minimum of 75 cents per hour. How our people have

[1] Since this case went to press, the legislation here mentioned has been enacted into law.

been able to keep body and soul together with the tremendous increases in living costs is beyond the union's conception. The rates paid by this company are flagrantly out of line with requirements necessary to live decently. And the final support for our request we find in the ability of the company to pay the increase already justified by such compelling human considerations. This company since its establishment in 1886 has grown tremendously and has done well, since 1945 extremely well. Our research department has compiled financial data from the company's annual reports filed at the State House. We submit these compilations to you, Mr. Arbitrator; and although our members cannot make much of these figures, they get the general drift very well.

As you will see, since its organization the present Fairmount company has acquired many affiliates and sort of "spawned" various mergers and operating corporations. The Waverly company is one of the most recent of these offshoot corporations. But from the beginning the founder has brought his sons, his sons-in-law, his brothers, then his grandsons and so on to the business; ownership has not spread much. The company does not divulge operating data, but the growth of surplus shown on all these balance sheets reveals that operations have been very profitable. Let me quote a few pertinent sentences from our research reports:

> The additions to surplus are made after all charges, taxes and dividends have been paid, so they probably do not represent all the profits earned each year. . . . Retained earnings loom particularly substantial when related to annual sales volume, or net fixed assets. . . . All the various company figures on retained profits show that their net worth and working capital have increased steadily and substantially. Even in the recently organized Waverly Company, net worth has more than doubled in the two-year period ending in 1948. Current assets in all affiliates have been more than adequate in relation to current liabilities, the ratio being maintained at 2 to 1 or better throughout the postwar period. . . . All in all the company is in excellent condition and, in addition, is backed by people of substantial means.

Therefore, we request, Mr. Arbitrator, that you grant the full increase of 10 cents per hour for all employees.

Arbitrator: If that completes the union's case, let us hear now from the company.

Fielding (m): I might begin with a correction regarding Exhibit 1. The minimum rate at the Waverly plant since last August has been 68 cents with the exception of one operation—bundling. That was in accordance with an agreement reached in 1948—that, as soon as feasible, the minimum rate at Waverly would be the same as at the Fairmount plants. Bundling was excepted, as Mr. Kerr will explain, because he would have had to drop the operation if considerably more had to be paid for it. This exception on bundling illustrates the company's whole problem—and approach. The whole story is quite pertinent in view of some of the data and arguments that have been presented.

For years, the union and these companies have been engaged in collective bargaining. Since you arbitrated in the early stages, you realize there has been a decided improvement in both wages and fringe benefits. The com-

panies don't claim that these are high wages, or that they are all they should be. They do say that in view of the nature of the business, its competition, and present trends, no more could be paid—certainly under present conditions.

The language of our wage reopening provision specifically restricts this reopening and this arbitration to consideration of the justification for changing the *contractual wage levels.* Now by a very liberal reading of that provision, the contentions based upon budgets and rates paid in other cities might be applicable. But I think the obvious intent was that if business conditions changed, the rate level should be reconsidered. The fundamental justice of the wages isn't a matter to be discussed. It is a question of what has happened in business since the last negotiation. In 1948 there were extensive negotiations at which these "budgetary" and "substandard" contentions were advanced. As a result, another increase was granted. This arbitration is only an interim review. If business conditions and the cost of living had gone up markedly, those conditions would weigh for changing wage levels. If there had been general wage increases throughout the country, that possibly might be another reason. If business changed drastically for the worse, the company could request a reopening. The intention of the reopening was to afford nothing more than an interim review. The arbitrator, accordingly, is not asked to decide what wages should be on the basis of economic justice, but only whether a change is warranted by changed conditions since the last negotiations.

The Fairmount and Waverly companies do process textiles, but it is textile waste materials. Production never has been comparable to the general textile industry in skill, wages paid, or conditions of work.

Much of the production in this area is in small family shops. They can undersell this company constantly. A few home factories would not make any difference, but there are many and they present severe competition. Family shops are unknown in the general textile industry where large-scale production machinery dominates. It is against this background that we approach this session.

I have a memorandum of the past wages paid by us and the working conditions from the present back to 1941. Back in 1941, our minimum wage was 30 cents. Today it is 68 cents. Today there are also paid holidays, membership in the Blue Cross, new overtime provisions, numerous fringe benefits. Now the union can argue, as it has, that these benefits are not as high as in textile plants. But relatively, if not from the point of view of absolute justice, there has been a most marked change. And I say that without claiming that wages or conditions have been or now are what they should be or what the company wants them to be.

Now, let's approach the question whether there has been any substantial change in the Consumer's Price Index for Moderate Income Families published by the U. S. Bureau of Labor Statistics. The average of all items on March, 1949, was 169.5. The average for all items for March, 1948, was 166.9. However, in important items, we find a decrease. The food index

as of March, 1949, is 201.6, whereas the food index for March, 1948, was 202.3. For clothing, the index is 193.9; for March, 1948, it was 196.3. And, on rent the index is 120.1; it was 116.3. So while there is an apparent slight increase on the over-all average actually, on the things we need to live, such as food and clothing, there would appear to be a decrease.

In other words, we have apparently passed the peak on the cost of living. At least there has been no increase sufficient to justify a wage reopening.

As to whether there has been any general increase in wages, I ask the arbitrator to take judicial notice of the fact that there hasn't. In related textile reopenings, there have been four arbitrations within the last few months, all upon a demand for 10 cents an hour increase. Different arbitrators in this area—Douglass Brown, John Murray, A. Howard Myers, Raymond O'Connell—heard the same contentions as made here, and in all cases an increase was denied. I submit as evidence copies of two patternmaking decisions.[1]

We don't say you should be controlled by anything that another arbitrator decides. Obviously, the conditions of each case are unique. We indicate only that in this area, in the same general field, there is no general upsweep of wages.

Now, I think it fair to say that the reason underlying the rejection of the increase in the other arbitrations is the same that Mr. Kerr will explain to you, for our position is the very drastic change in economic conditions affecting this industry. It is in a state of flux. It hasn't reached the stage where it is desperate. But profits are cut badly, prices are down, and the company has to fight to keep its volume. But, at least this company is still operating, and it wants to operate, and to give employment. If it gets to the point where it can't take business, it can't continue to give jobs to its employees. And that brings us to the union's argument on ability to pay—the fact that there were several profitable years.

Despite the fact that the company was taxed 80% during that postwar period, the years were still profitable. But, I don't believe that the union would suggest that the companies should continue to operate at a loss because they can now afford it. American business isn't based on that principle. In order to stay in business, the people who have an investment in it want at least to see that they are not dribbling their capital away.

Now, if you are a Socialist, you may not agree with that philosophy, but nevertheless, that is American capitalism; that people stay in business so long as they don't lose money. They can stand it for a while. But if it continues for long, the plants are closed, and people aren't working.

I suppose this company could afford to lose a hundred thousand dollars a year for several years. Under our system of economy, whether it would do it, simply to give an increase in wages at this time over and above what was negotiated in 1948, is another matter. And that brings us back to the point of beginning; that is 1948. Then, when conditions were at their peak,

[1] See Exhibit 3.

there was a freely negotiated contract that was satisfactory to all, and by which we are all bound.

But I think I shall now ask Mr. Kerr to give the revealing details of his current operating problems.

Mr. Kerr, will you explain the operation in our plants?

Kerr (m): Our operations can be divided into three parts. The first is processing. We buy raw material—the waste of the cotton and rayon mills. We have sorters who sort waste material out. We grade, cut, wash and sterilize it, pack and bale it and offer wiping cloths for sale. The employees are sorters, cutters, packers, laundry workers and so forth—semiskilled and mostly unskilled.

The second operation is the manufacture of cotton buff wheels of three types. First, there is the piece buff—a small piece of cloth dinked out in circles and stitched on a sewing machine. Then we trim it and put a hole in it so that it will fit on a shaft for buffing. The second type of buff is known as the conventional buff. It is made in the same way but out of first quality goods and finished in larger discs. The third type, the bias buff, is of first quality goods. It is cut on the bias, wound around a core, and a hole is put in it. The buff workers include those on the dinking machines, stitchers, cutters, and shippers.

Our third operation involves no labor. It is a trading operation where we just buy and sell. It is true that in the past two years that has been a phenomenal and very profitable part of our business. But it is not an operating unit; no considerable wage-labor is involved. The material is simply stored in public warehouses after purchase until sold. There is really no labor involved. But it is an integral part of our business. We do it in good and bad times.

Fielding (m): Will you explain the bundling operation at Waverly, and why you feel it should not be included in the minimum paid women workers on regular operations?

Kerr (m): I asked for a special rate on bundling because we were losing a lot of business we had obtained from mail-order houses and retail chains. We agreed on 60½ cents, although I asked for a 50-cent rate. In bundling, employees take small cuts, weigh them, put them in small boxes, and wrap them up in paper—a bundle. These bundles are advertised in mail-order catalogues and, as I told the workers at the last negotiations, we were losing a lot of that business. Though the labor involved is simple, it accounts for the great part of our costs.

I have compiled figures of our sales with one of the big mail-order houses to indicate what has happened; it is typical of them all. In 1944 we shipped 105,900 five-pound bundles; in 1946, 136,000 bundles. However, in 1948 we shipped only 2,500 bundles. In 1949 to date we have done only 300 bundles.

Now, these bundles are still advertised in the catalogue. The business is going elsewhere. To a second mail-order house, to which we used to ship thousands, I don't think we shipped one this year. The only business with

Sears Roebuck this year has been a two-pound bundle; we took some orders to move our inventory at a very low figure. When our inventory is gone, we cannot take further business on the two-pound bundle at current prices. The only bundling that we can do in the Waverly plant is for export where we use a higher type material commanding a much higher price.

Fielding (m): Will you tell the arbitrator about the competition you encounter on wipers and buffs?

Kerr (m): Yes. This is the first time the union has brought in so-called competitors. The plants they listed are not in New England, though our competition comes from small firms in this area. By small firms, I mean 10 or 12 workers; and on buffing wheels there are family shops here and in New York that go back to actual sweatshops. We have a tremendous amount of that kind of competition. These few concerns the union listed are not comparable, and probably you would go a long way to find any more that are unionized. Typically, our industry is not unionized.

Knickerbocker Cotton Goods are handlers of first quality goods. Their wipers are a small by-product operation. The Dutton Corporation of Ohio is a division of the Francis Farley Company, a tremendous construction materials concern making roofing. In the manufacture of roofing—their asphalt shingle line—they purchase rags. They got into this little side venture of wipers to use all their materials. National Wiper Company compares more to us. They are a sizeable outfit, but I don't know anything about their financial background.

Fielding (m): What have been the business conditions in the industry over the past year?

Kerr (m): We can start with buffing. In the first quarter of '47 we did $781,000 worth of business—combining the three plants. Sales in the first quarter of 1948 were $410,449.68; in the first quarter of 1949, $264,603.54. Part of this decrease is due to much lower prices, and part is due to a decrease in buff business. The Buff and Polishing Wheel Manufacturers' Association reports that industry sales decreased 35.8% in the first quarter of 1949 from the first quarter of 1948; and March, 1949, shows a decrease of 43.2% from March of 1948. So our problem at the Fairmount Company is not unique.

Arbitrator: What proportion is buffing of your total business?

Kerr (m): Approximately a third. That brings us to the wiping cloth. For the first quarter our sales were $325,987 in 1947, $280,559 in 1948, and $262,246 in 1949. At the same time, our payroll figures for the first quarter were $24,790 in 1947, $29,391 in 1948, and $58,250 in 1949. Although we have had a falling sales volume, we have had a decided increase in payrolls.

Dollar sales have decreased because we have been forced to take non-profitable business. We have had to take a lot of government business. In 1944 and 1945 there was an OPA ceiling on wiping cloths of 14½ cents a pound. In 1947, government orders gave us only about a cent a pound more after the OPA ceilings were taken off. But by 1948 we took a contract from the Army at the OPA price—14½ cents. Today, we are working on a contract for the Navy, same specifications and all, below OPA ceilings. There

is tremendous competition for government business today. It is available, and because of business conditions it is important again.

Fielding (m): What proportion of your wiper business do government orders represent?

Kerr (m): At present, on a tonnage basis, it would amount to about 70% of our shipments. In the next two months it will level off. Recently we have had to put a night shift on, but we will be out of that in the next two months.

Fielding (m): Do you regard it as essential to be able to bid on this government business?

Kerr (m): Yes. If we didn't have this government business today, the Waverly plant would be shut down.

[Messrs. Sandore and Fielding thereupon summarized for union and company, and the hearing was closed.]

EXHIBIT 3

THE FAIRMOUNT SUPPLY COMPANY

Summaries of Two Major Arbitration Decisions Involving Union Demand for 10-Cent Hourly Increase

I. Decision of Douglass V. Brown, January 15, 1949, *re*
Fall River Textile Manufacturers' Association
New Bedford Cotton Manufacturers' Association
and
Textile Workers Union of America (CIO)

A. *Major Contentions of the Union.* Wage increase should be granted because

1. Cost of living rises since beginning of first contract year on January 1, 1948, and probably in forthcoming second one, make present wages inadequate. This inadequacy is further established by comparing minimum hourly rate of 97 cents and average annual earnings based on 2,000 hours of work, with BLS "City Workers' Family Budget" and the WPA "Emergency Sustenance Budget" brought up-to-date. There is deficiency in rates of 12 cents per hour, and in average earnings of 49–55 cents per hour, in meeting these budgets.

2. Cotton textile wages are lower than those paid in most New England industries.

3. Rising output per man hour, with prices "sticky," can and should give workers a share in their improving efficiency through general wage adjustments.

4. High consumer income alone can avert a depression, and in a free economy increased purchasing power must be implemented separately in each industry.

5. The textile industry has enjoyed huge profits, paid liberal dividends, and so increased net worth of its companies in recent years that it has unquestioned "ability to pay."

6. Granted that the industry faces immediate difficulties, readjustments in "exorbitant price policies" were required to meet this "trouble" which seems to have "run its course," leaving prosperity again "ahead."

7. Southern competition is no longer a hampering barrier to northern wages since the union has been removing former handicaps and cooperates in establishing fair work assignments and improved techniques.

8. During negotiations the union asked that employees share in 1948 profits through a year-end bonus without adding to 1949 costs. Refusal leaves no recourse but a general wage increase.

B. *Major Contentions of the Employers.* Wage increase should be denied because

1. No changes have occurred since agreement was signed to justify it, since cost of living index has risen by only 2% since January 1, 1948; for the last four months the index has declined; and the decline has been led by food prices. Since 1941, wages have increased by 150%, cost of living by 69%, and fringe benefits costing over 10¢ per hour have been added to employees' compensation. Family budget data are irrelevant since they did not weigh in 1948 negotiations, and the wage reopening hinges only on "changes" since agreement was signed.

2. Present business conditions, with cotton textile prices declining, inventories accumulating, and operations still being curtailed, would make "any wage increase disastrous."

3. Southern competition, a serious factor since the twenties, accounts for a continuing migration of textile mills from New England, and while wage differentials, the major "cause," have been reduced, they still hamper northern textiles.

4. There has been as yet no general "fourth round" of wage increases, and if one should materialize later, the union possesses further "reopening" rights under the contract.

5. Substitutes for labor by using past inventories or southern cheaper labor alone could meet higher wage costs, and so only greater unemployment would result for employees. Past profits must be evaluated in terms of changed money risks, and cannot provide present wage increases or future expansion.

C. *Discussion and Decision of the Arbitrator.* It is no secret that there exists no general agreement on the criteria that should or do determine the level of wages in the economy as a whole or in particular industries. The plain fact of the matter is that, as economists or as citizens, we are woefully ignorant with respect to these questions. It is not to be wondered at that the parties themselves—as even a casual scanning of their contentions will reveal—are not agreed on the criteria to be applied in this case.

Under the circumstances, the decision in the present case must rest, not upon knowledge or certainty, but upon judgments which are all too susceptible to error. Still further difficulties are introduced by the fact that many of the judgments, and probably the most important ones, involve not *what is,* or *what has happened,* but *what is likely to happen.*

As I see it, the most significant questions upon which the decision in the present case must rest revolve about these three issues: change in the cost of living; productivity; and the immediate prospects of the industry.

As I see it, the present case may be summed up in some such fashion as this: Considerations affecting the economy as a whole would seem to point to a moderate increase in wages for the employees herein involved. The most probable situation confronting this group of mills, the segment of industry of which they are a part, and the employees of the mills, would seem to suggest that a wage increase at this time might involve all parties in serious consequences.

In the final analysis, therefore, an arbitration decision destined to determine wages for a period of eight months must hinge upon a balancing of risks during that period. On the one hand, a mistaken denial of a wage increase at this time in the face of a sufficiently accelerated demand for the products of this segment of the industry would compel the employees to forego what, if such demand should materialize, would be an increased standard of living to which they might reasonably have attained. On the other hand, the mistaken granting of a wage increase at this time, followed by no increase or an insufficient increase in demand, would open the door to the possibility of serious unemployment and loss of income to

both employees and companies. The latter risk seems to be much the more serious at the moment. Taking into account the present situation in the industry, and weighing as best I can the probabilities in the immediate future, I am of the opinion that the denial of the wage increase at this time is in the interest of the companies, the Union, and the employees.

AWARD

For the reasons set forth above, I rule that no general increase in wages be granted at this time.

II. Decision of John J. Murray, February 3, 1949, *re*
The American Woolen Company [at 4 New England Mills]
and
United Textile Workers of America (AFL)

A. *Major Contentions of the Union.* 10 cents per hour wage increase should be granted because

1. On rise in BLS cost of living indices during first contract year from 167 5 (Feb. 1948) to a high of 174.5 (Aug.–Sept.) and 171.4 (Dec.) workers are entitled to at least 4% or 5 cents per hour increase.

2. Real value of wages between 1939 and 1948 have yielded average earnings increase of only $10 per week.

3. Decrease in work week since August 1948 decreases take-home.

4. Workers should share in increased productivity.

5. Competitive position of the company would not be jeopardized since it is the patternmaker for the industry, the most highly modernized producer, and is not significantly affected by cotton textile competition.

6. The present decline is temporary and the industrial outlook for 1949–1950 really good.

7. 1948 financial reports of the company establish its ability to pay the increase.

B. *Major Contentions of the Company.* Wage increase should be denied because

1. Whatever slight changes in cost of living can be claimed on the basis of all the indices, the current trends (since Sept. 1948) are downward; and the grant of six paid holidays will more than compensate for further possible changes.

2. Real profits and dividend dollars have diminished just as have "real" wages.

3. The work-week and so take-home pay would have to be further reduced, and/or layoffs multiplied, if labor costs rose.

4. Increased productivity, or efficiency in operation is very hard to measure as a basis for sharing its benefits in any one year.

5. Although the company is the largest unit in the industry, it accounts for only 15% of total production, and competition is intense with (*a*) users of other fibers, (*b*) European producers, (*c*) other low-cost areas, and (*d*) among the mills of the company. Industrial capacity always exceeds normal market demand; style factors prevent production for stock; most plants are old and rigid in terms of style and quality production.

6. Ability to pay has been held not controlling when employer proved lack of ability to pay. It should not therefore govern here.

7. The union has presented no comparisons with other companies, comparable occupations in the area nor general averages. This is no longer a low-wage industry; its minimum rate is now $1.05 per hour, or double that of 1939, and so above the average for textiles, for nondurables, for all manufacturing, and but slightly below the durable goods industry average.

C. *Decision of the Arbitrator.* The request is denied chiefly because the evidence is "incontrovertible" that rates are higher than those paid by other woolen companies; the increase in the cost of living has been "relatively slight," and the

"buyers' market," raw-material prices, and plant capacities, contain threats to the business, with further reduced employment if labor costs are increased.

Discussion Questions

1. List and evaluate the criteria cited by the union and the management in support of their respective positions.

2. Compare the use of these criteria in these plants with their use in the New England cotton textile and woolen industries as summarized in Exhibit 3. What questions would you raise on the basis of these comparisons regarding the use of wage criteria in wage disputes?

3. Outline the decision that you would render in this case if you were the arbitrator.

INTERNATIONAL MACHINE COMPANY

A COMPLAINT AGAINST A FOREMAN: ADMISSIBILITY TO ARBITRATION

A demand by the union that a foreman be removed was appealed to arbitration. Involved was the question whether the union could properly make its demand under the terms of an agreement granting management the right to select and discipline supervisory personnel. Excerpts from the hearing follow:

Present for the Company	*Present for the Union*
Francis Pennell, Company Counsel	Fred Restuccia, District Director
Richard Hunter, Assistant Counsel	William French, Staff Representative
Ford Tyler, Production Manager	James Cabot, Chairman, Grievance Committee
Orrin Gilbert, Assistant Production Manager	Michael Bruckner, Department Steward, and President of Local Union

Pennell (m): I wish to submit a photostatic copy of Grievance No. 623–1885 and excerpts from the minutes of the step 4 meeting.

Request for Adjustment of Grievance

Name of Employee *Michael Bruckner*	Name of Foreman *Paul Sinclair*
Department Symbol and Number *GG 114*	Date Grievance Presented to Foreman *August 26, 1944*
Occupation *Machinist*	Name of Department Steward *Theodore Keyes*

Employee's Statement of Grievance: *I am filing grievance against the activities of my foreman, Mr. Sinclair, which are in direct violation of the agreement. Mr. Sinclair has repeatedly accused union members of being Nazis, Communists, and Bolsheviks. He persists in inflammatory remarks with the obvious intent of causing feeling against workers of foreign parentage. He tries to stir up race*

feeling among the men. He has accused the union men of causing the death of his son (who died in battle). Management should prevent its representative from making remarks of this nature. Otherwise, I can only feel that this foreman is acting with the approval of his supervision, who then must accept liability.

Michael Bruckner	*8–26–44*
Signature of Employee	Date

Disposition of Grievance by Foreman:

Signature of Foreman	Date

Date of Appeal by Shop Steward to Superintendent of Department

Disposition of Grievance by Superintendent of Department: *This complaint represents a clash of two personalities. We feel that it was a lack of good judgment to approach Mr. Sinclair, or to continue the conversation on any subject, when it was known that he had that day received confirmation of the death of his son in France. The remarks attributed to Mr. Sinclair are in no way condoned by me and are regretted regardless of the circumstances. Until further notice I delegate Mr. John Rodney, asst. shop foreman, to handle all general grievance matters that cannot be settled by the men with their immediate foreman.*

Henry Callender	*8/31/44*
Signature of Superintendent	Date

Date of Appeal by Grievance Committee to Management's Representative *9/6/44*

EXCERPTS FROM MINUTES OF STEP 4 MEETING

Meeting held on November 10, 1944. Minutes signed for management on November 23, 1944, by G. Coates and for the union on December 5, 1944, by F. Restuccia and William French.

GRIEVANCE 623–1885

In this grievance, Michael Bruckner, a machinist, presented a complaint against the activities of his foreman, Mr. Sinclair, on the basis that those activities violate the agreement.

The union contended that this grievance is proper because the company should know what is going on in the department; that the company should have equal disciplinary treatment for members of the supervisory forces and for employees; that the only ways the union has of calling such conditions to the attention of the company is to file a grievance or to shut down the department; and that it had selected the orderly way. The union further contended that the employees do not like to work under the conditions existent; that this incident was not the first radical accusation against Bruckner and the union by Sinclair; that Sinclair charged Bruckner and others with being Communists and un-American, and repeated those charges in front of witnesses in February of 1944; that the union filed charges against him at that time; that after that grievance was filed, Mr. Sinclair retracted the statements; that at the same time he refused to bargain with Bruckner and was told by

his superintendent that he must bargain with proper union representatives; that since then Sinclair had called Bruckner a Communist and every other name; that he again refused to bargain with Bruckner; that Sinclair should not be permitted to continue his attacks against Bruckner based on the fact that he does not like the union; that Bruckner does like the union and believes in it and in its attempts to keep down labor trouble and to promote harmony; that as a union official he has always worked toward that end; and that on August 7, when Sinclair engaged in a tirade against him, all Bruckner did was to ask Sinclair if anyone had told the employees how to mark certain cards; that Sinclair has made derogatory statements about President Roosevelt which Bruckner believes amount to treason in time of war; that Sinclair did not "blow up" on August 7 because of announcement of the death of his son on that day as alleged, for his son died in April; that Sinclair has been in the department for many years and has continually been "cracking the whip"; that because of Sinclair's actions, Bruckner has been kept busy trying to prevent the men from striking but that if management does not take some positive action against Sinclair, he cannot be responsible for what happens; that the action taken by the management in assigning the assistant foreman to handle grievances is not satisfactory because the assistant foreman is a second-shift man and further because, by removing the responsibility from Sinclair, he got what he wanted, and in the opinion of the union, he should have been disciplined instead; that Sinclair should be made to deal courteously with the union; that the assistant foreman has not been given sufficient authority to act and must report back to Sinclair before making a decision; and that present arrangements are not satisfactory because the union does not consider Sinclair a fit supervisor. The union contended that Sinclair has stated that he hates Bruckner; that in Bruckner's opinion, Sinclair is crazy; that since August 7, Sinclair has repeated a statement formerly made that there is not a real mechanic working in the department; and that what the union is requesting is that Sinclair be fired, as any employee would be under comparable conditions. The union stated that if the company will not agree, it will appeal the grievance to arbitration to see if it cannot force the company to fire Sinclair.

The company stated that this grievance is a complaint about certain statements made by a supervisor; that it is always willing to listen to any employee complaints; that this grievance is not a proper request for it is a function of management to select and discipline supervisors. The company stated that the terms of the agreement are being followed and that it is interested in harmonious cooperation, and that management will continue to watch conditions referred to in this grievance toward promoting harmonious relations. The company stated that it does not condone such alleged statements attributed to Sinclair.

Pennell (m): We have a fundamental objection to the consideration of this grievance. We believe this grievance may not be considered and arbitrated under the agreement. It is not admissible.

French (u): Mr. Umpire, under the agreement, management has the right

to discipline employees. But nothing in the agreement gives the foremen the right to use abusive language in the name of discipline. Management has penalized employees for abusive language and has even discharged them. We ask the same consideration. We ask why the company has different rules for supervisors and employees. Management admits that the foreman is not fit to talk to employees or to discuss grievances, since it has substituted another foreman to handle grievances. We feel that Sinclair is not fit to be part of supervision.

Arbitrator: It is a close case, but we may as well proceed and hear the grievance on its merits unless the company wants to argue further the issue of admissibility.

Hunter (m): Well, you are putting the company in a difficult position that way. While it is not set forth in the grievance form, it is, I presume, the intent of the grievance to ask the company to remove a foreman. Is that correct?

French (u): Management feels that Sinclair is not capable of talking to people when they have grievances, yet he continues to direct them, and causes grievances to arise.

Hunter (m): If we arbitrate the grievance on merit, while its admissibility is under advisement, we are forced to present in an arbitration hearing testimony under the contract. We are debating whether or not the company should discharge a foreman, which has nothing to do with the relationship between the company and the union under the agreement.

Arbitrator: Another suggestion than discharge may be made.

Hunter (m): My point is that the selection of management personnel is management's business and is outside the scope of arbitration. I don't think the company should be placed in the position, while admissibility is under consideration by the umpire, of having to make a presentation on the merits of whether a foreman should be discharged or some other action taken with respect to what the company's relationship with its own foremen should be.

Restuccia (u): We are placed in a peculiar position by the attitude of the company. We have numerous cases where our members have been discharged for remarks made to a foreman, which were not as objectionable as those made by this foreman.

Such remarks were made to several men, and in particular to the president of a local union, who is also a grievance committeeman. When this union officer is trying to process grievances—we want to know just what our position is going to be. Where are we going? We leave it to the good will of management. We'll talk to Sinclair, says management, and he won't do it again. But he does it time after time.

And management has had time to remedy the condition. This grievance was filed August 26, 1944. It is a year and four months old. It is still unremedied. This provocation still exists. What will happen if Sinclair applies one of his regular bouts of name-calling to a man who turns around and smacks him down? Will the employee be fired? I can tell you in advance that employee will be taken out by the police. Yet Sinclair has the

right to call the employees anything he wishes. For a year and three months nothing has been done except to put in another man to handle grievances.

Arbitrator: I am limited by your joint agreement, Mr. Restuccia. Even if I listen to this case, I am uncertain as to what course of action I may take. I am perfectly willing to listen to it, however, and let matters come out in the open.

Restuccia (u): Well, we certainly would like to have your opinion, so we know what we are going to do from here on. We feel you have the right to hear this grievance under the agreement. If you find that you don't have the right, we would just like to know, so we will know what course we must pursue from here on.

Arbitrator: An arbitrator is not always in the position to evaluate the admissibility of a case at the moment of presentation. He has to think it over. This case has gone through a number of steps. A certain kind of atmosphere has created a certain situation in the shop; and I am inclined to feel that it is my business to hear the grievance and leave it for more mature consideration to decide what course of action, if any, is available.

Hunter (m): We realize that there is merit to that suggestion of hearing everything that comes up, yet there has to be a line somewhere. We had one case in another plant where the union requested a wage decrease for a foreman based upon alleged inequality. Now, foremen's compensation is something in which the union has no legitimate interest and the umpire so held. The company can't discuss everything that the union brings into the grievance procedure.

Arbitrator: Grievance procedure itself is involved in this case. You have a foreman who is in a very important position, processing grievances.

Hunter (m): But this particular foreman has been removed from that position.

French (u): He is still directing the working force.

Pennell (m): Mr. Umpire, look at Article II. There it is stated that

> it is the purpose of the parties to set forth the basic agreement between them in respect of rates of pay, hours of work, and other conditions of employment of the employees.

The term "employee" is defined in Article I:

> "Employee" means an employee of the company who is included in a bargaining unit.

It further states,

> The unit shall include all production and maintenance employees, except all executives, office and salaried employees, foremen, assistant foremen, timekeepers, watchmen and guards.

You will note that foremen and supervisors are expressly excluded.

Restuccia (u): Mr. Umpire, the term "employees" as used in this agreement gives those employees the right to file grievances. Aggrieved about what? What else but their pay, their hours of work, their seniority, their

working conditions? If their complaints about Foreman Sinclair do not come under working conditions, I don't know what would. When men are being called names and insulted every minute of the day—haven't they a grievance against a supervisor and the conditions of work he creates?

If foremen violate seniority, or any other provisions of the agreement, no one denies the right of the employee to file a grievance. Yet Sinclair violates the spirit of the agreement by his relations with union men and union officers. We are filing a grievance against his continuous daily actions.

Arbitrator: Yes, but you are dealing here with intangibles.

Restuccia (u): Wouldn't you say that if an employee is being cussed, he is being asked to tolerate one of the worst kind of working conditions?

Pennell (m): The position the company is taking is that the union is here trying to affect the status of a supervisory employee, and the agreement does not permit such action.

Restuccia (u): The union intends to protect its members from intolerable conditions. We don't care what you do with your supervision. There is no comparison between this case and the case Mr. Hunter cited a while ago. We realize that a foreman's salary is outside our jurisdiction, but the welfare of our members is within our jurisdiction. When our members are discriminated against, insulted, provoked, taunted for their beliefs and their origins, working under intolerable conditions—well, just what should we do?

Pennell (m): What is the difference between the union asking us to change a foreman's wage rate and asking us to fire a foreman?

Restuccia (u): A lot. Wages are his personal problem, and concern only his relationship to management. We are asking you to get rid of Sinclair because, as foreman, he is abusing our members. We are not interested in his status as foreman except as it concerns the welfare of our members.

Arbitrator [to company representatives]: Well, I will say this: if you want me to take under consideration the admissibility of this grievance before we hear its merits, I will postpone the case. If you want to press that point, I will yield to you. The company and the union will submit a memorandum to me on admissibility.

French (u): Won't we have a chance to bring out the facts of the case?

Arbitrator: I have to decide whether I can hear this case.

French (u): There is nothing under the contract to keep you from hearing it.

Arbitrator: I think that, in this case, the company has a right to ask me to make a decision first on admissibility.

French (u): This was not the only grievance filed against this man. Another grievance was filed in February and again in August of 1944.

Restuccia (u): Let's submit our statement on its admissibility under the agreement.

Pennell (m): Before we close, I offer as a company exhibit an arbitration award by Dean Young B. Smith, arbitrator, in a proceeding between Wright Aeronautical Corporation and United Automobile Workers of America, Local No. 669, CIO. The date of that award ruling the grievance inadmissible

to arbitration is December 17, 1943, and it deals with the very issue before us in this case.[1]

Arbitrator: Do you want to offer that now or with your memorandum?

Pennell (m): We'll offer it now.

Discussion Questions

1. How would you summarize the concrete issue here challenged as inadmissible for arbitration?
2. Analyze critically the respective positions of management and union.
3. What decision would you render if you were the arbitrator?

THE STEEL INDUSTRY

1949 NEGOTIATIONS

Contract negotiations in steel during 1949 brought into sharp focus crucial issues associated with the swift growth of organized labor since the 1930's. What essentially were the implications of national policy with regard to management-union relations evolving in this decade and a half? What about the kind of negotiations that was developing between large, industry-wide unions and large, economy-wide corporations? Did deadlocks impose new responsibilities upon government? If so, what were the requirements—and implications—of government intervention? What specifically about the looming demands for a fourth round of wage increases against the background of postwar inflation and the then current fears of recession? What about relevant criteria in determining wages? What about the demands for pensions and insurance? How large a part did union rivalries play in such demanding? What about the trend toward "pattern bargains" —in focal industries and in the economy as a whole? Was "free collective bargaining" possible in these changing industrial relations?

I

THE BACKGROUND

Formative unions appeared in iron and steel as early as the mid-nineteenth century. The Amalgamated Association of Iron, Steel and Tin Workers was formed in 1876; but sixty years later unionism had little to show in steel save repeated defeats and a sort of fringe representation limited to skilled workers in the smaller mills.

Yet, when the transition to organized relationships between "Big Steel" and the CIO then came, it was accomplished amicably. The Steel Workers' Organizing Committee had, of course, been active in steel centers since its

[1] In the Wright case, the company denied the truth of all the charges brought against the foreman by the union.

formation in 1936. Under the direction of Philip Murray, and with resources and other leaders drawn largely from the United Mine Workers, the organizers concentrated first upon "capturing" the leaders of the employee representation plans; these "company unions," appearing in the industry as early as 1904, had spread widely after 1933. As CIO organizing efforts were under way, Myron C. Taylor, for the United States Steel Corporation, and John L. Lewis, for the CIO, in direct personal discussions during February, 1937, agreed in principle upon underlying terms for recognizing and negotiating with the union. On March 2, 1937, Mr. Murray negotiated with Benjamin F. Fairless, president of Carnegie-Illinois, a preliminary contract that embodied these terms by recognizing the SWOC as bargaining agent only for those employees who were its members. The formal contract, incorporating also a 10% wage increase and the 40-hour week, was followed by the other major subsidiaries of U.S. Steel. Within three months, agreements modeled upon the Carnegie-Illinois pattern were signed with some 140 companies.

The so-called "Little Steel" companies followed U.S. Steel's lead in wages and conditions but not in accepting the recognition "formula." A strike called by the union in 1937 against Inland, Republic, and Youngstown, into which Bethlehem was drawn—the so-called "Little Steel" strike—was lost. In 1941, however, the Supreme Court decision in the Heinz case made mandatory the completion of signed contracts with certified unions. That same year the steelworkers won NLRB certification and recognition from Inland, Bethlehem, Republic, Youngstown, and the Great Lakes steel plant of National Steel. The United Steelworkers of America was formally created in 1942, when it replaced the Steel Workers' Organizing Committee and absorbed the Amalgamated Association of Iron, Steel and Tin Workers. By 1949, virtually all steel companies, except the American Rolling Mill Company and National Steel at Weirton, had contracts with the United Steelworkers of America, CIO. In round figures, the union was signatory to 1,900 agreements with 1,600 companies in steel and related industries, where it had approximately 1,000,000 members.

II

MANAGEMENT-UNION RELATIONS, 1937–1948

Industry-wide recognition carried the parties to the threshold of World War II; the first agreements with the "Little Steel" companies indeed were signed when the country was already an active combatant. Thereupon the developing patterns naturally took on the impress of war influences. From the predominant prewar pattern of recognition as bargaining agent only for its own members, the steelworkers union, with the progress of the war, not only was recognized as the exclusive representative of production, maintenance, and hourly rated nonconfidential clerical employees but, in addition, was granted, under NWLB directives, maintenance of membership and checkoff of union dues and of initiation fees. These provisions were continued in postwar contracts.

In wages and conditions of employment, the tendency had consistently developed to follow a "pattern"—a course which became well grooved during the war under NWLB directives. All steel companies, even those not yet recognizing the union, granted the general hourly increase of 10 cents, effective March 16, 1937. Another hourly increase of 10 cents, embodied in the U.S. Steel contracts effective April 1, 1941, was universally applied. These prewar negotiations also established premium overtime rates and made beginnings in the providing of "fringe benefits," as, for instance, paid vacations.

As wartime wage, price, and production controls were instituted, it was through the "Little Steel formula" that the pattern of wage stabilization was set by NWLB directive for the period 1942 to 1945. Various fringe benefits were also either introduced or liberalized by award, directive, and ruling.

These conditions were all uniformly carried forward or liberalized in postwar negotiations. Perhaps one of the most impressive cooperative accomplishments was embodied in the job classification and rate inequity program ordered in the NWLB directive of November 25, 1944, and completed after the war (1945–1947), under which several thousands of jobs and rates were reduced to 30 classifications, each with its standard hourly rate, while separate classifications were established for maintenance crafts.

III

1945–1946 NEGOTIATIONS

In the 1949 negotiations, frequent references to the 1945–1946 negotiations were made, particularly to the role of government intervention and the alleged initiation then of the "inflationary spiral." In brief summary, it had been evident, even before the fighting ceased in August, 1945, that the steelworkers, as most workers, had become both restive under wartime wage controls and fearful of the impact of reconversion on take-home pay. In October, 1945, accordingly, the union presented, under the reopening clause of the agreement,[1] demands upon U.S. Steel for wage increases of 25 cents an hour, or $2 a day, retroactive to August 18, 1945. The corporation, pointing to government wage and price policies, rejected the demand. Wage controls had been modified so as to permit employers to make wage increases without government approval, provided such increases did not become the basis for increases in prices; otherwise prior approval remained a requirement.

As the steel controversy proceeded, Mr. Fairless repeatedly declared that "as far back as two years ago we asked for new and fair ceiling prices, as provided by law." Required price relief in carbon steel sheerly on the basis of past increases in costs was estimated by the corporation at approximately $7 a ton. The union, on the other hand, argued that "five years of war

[1] This clause permitted reopening "if there shall be any change in the national wage stabilization policy which permits of adjustments in" the contractually effective wage rate structure.

production" had yielded the industry "over two billion dollars in open and concealed profits" to help satisfy the workers' wage demands to meet mounting living costs and maintain purchasing power.

On November 28, 1945, the union took a strike vote. On December 31, President Truman appointed a three-man fact-finding board to inquire into the dispute. The steel board was the fourth of seven fact-finding boards appointed between November 27, 1945, and January 17, 1946.[1] On January 8, 1946, Mr. Fairless was asked "by a responsible officer of the government" if a $4-a-ton price increase would "enable my company to offer a wage increase." Thereupon bargaining conferences were resumed with the union on January 10 and 11. The company there offered first 12½ cents an hour and then 15 cents an hour, its last pre-strike offer, upon an understanding that some price relief over $4 a ton might be granted. When it became known that the fact-finding board in the General Motors dispute had recommended an hourly increase of 19½ cents, Mr. Murray made this figure the union's "final offer." Deadlock ensued.

President Truman then summoned the parties to continue negotiations at the White House, which proved futile in sessions on January 12, 16, and 17. With the strike set to begin on Monday, January 21, the President proposed on January 17 settlement at 18½ cents an hour, retroactive to January 1, 1946. The corporation declared its inability to go beyond 15 cents an hour, "the largest single increase in the history of the United States Steel Corporation, or of the American steel industry." The strike began on January 21 and ended on February 15 in basic steel, and some weeks later in various fabricating plants. It proved an eminently peaceful strike.

Settlement was made on the President's suggested wage increase of 18½ cents an hour coupled with a price increase of $5 a ton. Something over 1,100 companies with which the steelworkers' union then had contracts permitting wage reopenings settled on the same basis as U.S. Steel.

IV

1947 NEGOTIATIONS

By the time negotiations opened in 1947, controls over wages and prices had, of course, been ended. Feared unemployment and recession had failed to materialize. The union urged a second-round wage increase on the basis of the rise in the cost of living. Negotiations proceeded without outside intervention or threat of breakdown until an agreement was signed with U.S. Steel on April 22, 1947, yielding a "package" of approximately 15 cents an hour. Within several months, contracts modeled on this pattern were signed with other steel producers and fabricators.

[1] They dealt with deadlocks in the petroleum industry, the General Motors Corporation, the Greyhound Bus Lines, steel, the International Harvester Co., and the meat-packing industry. The General Motors and steel boards were appointed by the President; the others, by the Secretary of Labor. Work stoppages occurred in connection with all these disputes.

The contract was to run for two years with a reopening clause that empowered either party in 1948 to "give written notice to the other party of its desire to negotiate a general and uniform change in rates of pay." If no agreement was achieved by April 30, the contract continued in effect; the union had no freedom to strike.

1948 NEGOTIATIONS

The Steelworkers invoked the reopening clause on March 29, 1948, for purposes of negotiating wage changes. Negotiations began on April 5; but the corporation steadfastly refused to concede any increase in wages, urging the necessity to "hold the line" against inflation. At the same time, it indicated its intention to continue to observe wages and prices against the tests of changing conditions.

Though strenuously protesting management's position, the union honored its obligation not to strike. On May 25, however, General Motors granted a wage increase as a result of negotiations with the United Automobile Workers.[1] Negotiations were then resumed between U.S. Steel and the United Steelworkers, resulting in a settlement effective on July 16, 1948, averaging about 13 cents an hour. The rest of the industry followed this pattern.

The 1948 "Supplemental Agreement" also extended the termination date to April 30, 1950, with the right to reopen in 1949, as stipulated in the following provisions:

> . . . sixty days prior to July 16, 1949, either party may serve notice on the other of its desire to negotiate:
>
> *a.* for a general and uniform change in rates of pay and/or
>
> *b.* for life, accident, health, medical, and hospital insurance benefits.
>
> Within 30 days after the giving of such notice the parties shall meet for the purpose of negotiating such issues. Failing mutual agreement on such issues by July 16, 1949, the parties may thereupon, notwithstanding any of the other provisions of the Agreement, respectively resort to strike or lockout in support of their contentions, and the Agreement shall thereupon be deemed terminated; provided, however, upon settlement of the two issues above named, the Agreement shall be reinstated in all its terms with the addition of such provisions as may be agreed upon with respect to the two above issues, but no others, and such Agreement shall remain in effect until April 30, 1950. Said provision for reinstatement shall survive and be a continuing obligation in the event the Agreement is terminated as above provided.[2]

V

1949 NEGOTIATIONS

On May 16, 1949, the union notified the companies under contract of its desire to negotiate for changes in wage rates, as well as for life, accident,

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[1] See case General Motors Corporation: Negotiating the 1948 Agreement, pp. 359–375.

[2] Agreement Between Carnegie-Illinois Steel Corporation and the United Steelworkers of America, CIO, Production and Maintenance Employees, April 22, 1947, pp. 90–91.

health, medical, and hospital insurance benefits. Separate letters transmitted the union's desire to negotiate also on the subject of retirement pensions.

Negotiations with U.S. Steel and with other companies continued from June 15, intermittently, until July 7. The union pressed three demands, wage increases, social insurance, and pensions, without translating them into precise monetary proposals. On management's side, all the companies rejected the proposal for wage increases; several made offers on social insurance; and all maintained that, save in the Inland Steel Company, pensions were not a bargainable issue at all. No progress was made, since neither side receded from these original positions. Negotiations centered in U.S. Steel and other major producers; dealings with other companies proceeded more or less haphazardly until the union abruptly ended them.

Cyrus Ching, director of the Federal Mediation and Conciliation Service, thereupon invited representatives of the union and the large companies to meet with him in Washington. At the meetings on July 11 with the parties together and with each separately, Mr. Ching found no basis for conciliation. A national steel strike loomed on July 15 as an imminent threat. On July 12, accordingly, Mr. Ching recommended to President Truman that he request postponement of the strike for 75 days while a fact-finding board explored the issues and made recommendations for settlement.

A telegram immediately went from the President to the companies and the union requesting continued operations for 60 days under the current agreement and announcing the appointment of a fact-finding board of three public members authorized to report and make recommendations within 45 days from July 16, 1949.

The union accepted on the following day, July 13. The companies, however, led by U.S. Steel, raised questions over this form of intervention, urging that, if the President intervened at all, he should do so under The Labor-Management Relations Act of 1947, which authorizes boards of inquiry without power to recommend. By July 15, however, U.S. Steel gave its reluctant acquiescence but declared that it would not consider itself bound by board findings or recommendations. Other companies gave a similarly conditioned acceptance; still others pointed out that their contracts had different termination dates; several urged their need for special consideration; a few pointed out that they had no dispute with the union, nor was there any breakdown in negotiations since none had taken place between them.

On July 15, the Steel Industry Board was formally established with Carroll R. Daugherty, chairman, and Samuel I. Rosenman and David L. Cole, members.

Board proceedings began on July 26 and concluded on August 29. The union and 37 companies had appeared before the board, accounting together for some 90% of the nation's total ingot capacity estimated then at 96,120,938 tons. Granted an extension of the due date on its report from August 30 to September 10, the board on that latter date submitted its findings and recommendations.

The Demands, Counterproposals, and Recommendations. Although the

parties had exchanged before government intervention statements of position on the three union demands, it was not until the proceedings before the board that they were reduced to exact terms, as shown in the following table.

Issue	Union Demand	U.S. Steel Counterproposal or Position	Board Recommendation
Wage-rate increases	12.5¢/hour	0	0
Social insurance	(Stipulated benefits for death, total or permanent disability, temporary disability arising from sickness or accident off the job, hospital and surgical care), costing	(Stipulated benefits for life insurance, term life insurance for retired employees, accident and sickness, hospital and surgical care), costing net	(Details to be negotiated.) Allowance for existing plans to make maximum cost
	6.27¢/hour per worker on basis of 2,000-hour year and to be paid fully by the company.	5.32¢/hour of which employee pays half.	4.0¢/hour to be met by company.
Pensions	($125 per month for each worker retiring at 65 or later; $150 for permanent disability after 10 years' service, to be reduced to $125 at age 65), costing per worker	Not bargainable under 1949 reopening clause	(Details to be studied and ready for negotiation by March 1, 1950.) Allowances as above.
	11.23¢/hour	.....	6.0¢/hour (noncontributory generally)
Total estimated costs	30.0¢/hour	5.32¢/hour Divided 2.66¢/hr. by Co. 2.66¢/hr. by worker	10.0¢/hour

VI

THE ISSUE OF "FREE COLLECTIVE BARGAINING" AND "PATTERN BARGAINING"

President Philip Murray presented to the board his concept of "good faith bargaining":

> . . . From the very beginning of the conferences last month [the various steel producing and fabricating companies] . . . have failed and refused to bargain in good faith with the union. . . . The union . . . furnished to the companies a mass of both oral and written evidence supporting its just demands. The companies have made no genuine effort to meet the union's contentions. . . .
>
> At the very outset of the negotiations, the various companies, through their representatives, expressed their prior determination to deny the Union's demands. The final turndown by the companies is only a reiteration of the decision arrived at before the commencement of the negotiations.

This is not collective bargaining. The duty to bargain means good faith bargaining. Good faith means that the companies are obligated to negotiate with an open rather than a closed mind. Yet it must be apparent that in these collective bargaining conferences the companies throughout have had a closed rather than an open mind.

For their part, the companies generally stressed the implications of "pattern bargaining," implemented by the "monopoly power" of industry-wide unions. They called for a return to "free collective bargaining." Enders M. Voorhees, chairman of the finance committee of the United States Steel Corporation, gave the following articulation to these feared trends:

. . . This is not a situation which in its potentialities is restricted to a few companies, or even to a single industry. The far-reaching issues in this case concern everyone in this land. It is no exaggeration to say that the future economic health of the American people hinges upon the proper solution of the issues in this labor dispute. . . .

Is this Board to recommend a fourth round of wage rate and benefit increases in the steel industry, and recommend it for all companies alike whatever their individual situation, at the instance of this spread-eagle labor organization? And will the driving force of this unfortunate example propel it into the many other industries also under the domination of this single labor organization? Will this Board, in peacetime, needlessly establish national bargaining patterns in the broad wage, insurance and pension fields, thereby firmly enthroning that arch-foe of progress—inflexible, union-dominated, industry-wide and nation-wide patterns? Will this Board lend itself to becoming the guileless handmaiden of big unionism in its campaign to annihilate good-faith collective bargaining? And will this Board do all that in the name of the national interest? I hope not.

The smaller as well as less profitable companies supplemented this protest by tracing the impact upon their specific problems of identical demands pressed by the union upon all companies. They urged the board not to submit recommendations that would "establish a pattern for nationwide collective bargaining." Thus the Pittsburgh Steel Company, fourteenth among integrated steel producers, gave a concrete example of the dilemma of an unprofitable enterprise for which any cost increases

. . . at this time would seriously endanger the future well being of its employees, its stockholding owners' interests, and the daily lives of many inhabitants of the Monongahela Valley towns which it indirectly supports. . . .

Pittsburgh Steel has not paid a common stock dividend . . . since October, 1930. . . .

Pittsburgh Steel has had a net profit in only ten years of the past twenty years. The years 1944 and 1945 were loss years. . . .

Pittsburgh Steel has averaged 1.3% return of net income to sales in twenty years. . . .

For the ten years 1939 through 1948 the average net income per year was $1,780,278 or 2.89% return of net income to sales.

The comparable needs for individual consideration by the smaller companies were given characteristic summary by their counsel, Judge Robert P. Patterson. He urged upon the board not to make recommendations that would "establish a pattern for nationwide collective bargaining." Looking

at the concrete example of the 16 smaller companies for which he spoke, he pointed out that

(1) . . . none of the companies were fully integrated . . . (2) none engaged in large tonnage production of standard items . . . (3) none has the facilities to manufacture . . . products in which market demands for any particular period are the most active. These companies face a declining market. . . . They are in competition with concerns which are far larger and have lower-cost advantages. . . . Most are operating at only moderate profit or a loss.

Accordingly, a "single recommendation by the board applying for the entire industry would have serious effects upon their future."

In reply, Mr. Murray and his colleagues charged the companies with responsibility for the development of the pattern bargaining they now were deploring. As distilled by the board, this union counterargument ran as follows:

The union . . . complained that the companies' own actions had made collective bargaining meaningless in the present controversy. Although the companies protest that so-called industry patterns in labor relations are undesirable, they all adhered to a pattern in their discussions with the union by maintaining almost uniformly that pensions could not be discussed and that there could be no wage-rate increase whatsoever. . . .

The union contended also . . . that the companies, not the union representatives, were the ones who [long have] insisted on waiting until the major contracts were concluded and then applying the principal features to themselves. . . . All wage-rate increases since the war have been in identical cents per hour, and before the advent of the union the same pattern was followed.

With respect to the smaller companies who are now requesting special attention, the union contended that those companies have followed the traditional practice described and that in any event they have shared substantially in the general prosperity of the steel industry.

The board itself concluded that, "irrespective of whose fault it is," an unusual type of bargaining has evolved in the steel industry "which seems to have stifled the process of collective bargaining" in its "original conception . . . on a plant by plant basis. . . . An agreement is first reached by the union with the United States Steel Corporation or with that corporation and a selected few of the other industry leaders, and is then accepted by all other managements." Conditions in the early postwar years, the board declared, had militated against "normal collective bargaining," but it should now "have a better chance to function." There was merit in the complaint of those individual steel companies who pointed out "that they have been deprived of the opportunity of explaining their own predicaments in collective bargaining and having their own special problems considered on their merits, regardless of what may be done by other companies which have different circumstances." As to concrete recommendations, the board concluded that:

If a different concept of collective bargaining from that heretofore held is needed, then a study leading to a reappraisal and a redefinition of the terms should be made by the appropriate body, which we think is the Congress itself. We should certainly not undertake to do this, but must limit ourselves to the functions as directed by the President.

VII

THE ISSUE OF GOVERNMENT INTERVENTION

The companies saw one result of these unhealthy deviations from "free collective bargaining" in an alarmingly increasing recourse to government intervention. In the exchange of telegrams between President Truman and the parties relative to constitution of the Steel Industry Board, it will be recalled, the companies advanced reluctantly from a rejection of a fact-finding board with powers to make recommendations in place of one authorized by provisions of The Labor-Management Relations Act to a final agreement to participate in the President's proposed Steel Industry Board proceedings, but only upon the understanding that recommendations would not be binding.[1]

A. B. Homer, president of Bethlehem Steel Company, explained the underlying concern of the industry in his telegram of July 15 to President Truman, when he declared:

> Our reluctance to approve your proposal for a board that would make recommendations as to terms of settlement is based in part upon our past experience with such boards. We have learned from experience that when a union which has a virtual monopoly in an important industry threatens a nationwide strike in support of its demands, boards of inquiry have uniformly recommended the granting of some of those demands regardless of the economic justification for them. For example, in the fall of 1945 similar boards were appointed to investigate into and make findings on the demands of unions for substantial wage increases and as a result of their "findings" wages were substantially raised—in the case of steel 18½ cents an hour—which led to a protracted and harmful inflationary spiral.
>
> We are alarmed at the pattern that is emerging of national unions making demands each year for increased wages and threatening nationwide strikes if their demands are not granted, the government appointing boards to recommend terms of settlement, and the boards, under threat of the strikes, following a consistent course of making concessions to the Union in each case. In effect that establishes terms of settlement by government decree and is an abandonment of the process of collective bargaining. It is but a short step to a completely government controlled and regimented economy. . . .

These anxieties over government intervention were restated again and again by the companies. Clarence B. Randall, president of Inland Steel Company, gave so forceful a statement of this issue that it became the focus for the union's reply to this whole phase of industry's case. Mr. Randall declared:

> When the President announced the formation of this board he was in fact announcing an industrial revolution in America. By doing so he has declared himself as favoring a new social order, and one so different from that under which our magnificent production record has been achieved that unless the process is stopped, and stopped at once, there will be no possibility of turning back.

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[1] The President justified his procedure on the grounds that the deadlock did not yet present the "immediate peril to the national health and safety" which alone would authorize him to act under Section 206 of The Labor-Management Relations Act. Its potentialities, however, were grave enough to make preventive action the "sensible" course.

Through this means, whether he knew it or not, he has proclaimed that wages shall be fixed by the government. This step is always the first one taken by those who set out to establish a socialist or corporative state. The fixing of profits comes next, and then when incentive is killed and production falls, the final step of nationalization follows. Europe came close to starvation because of this tragic sequence, and was saved only by the dynamic quality of a free America. Yet here is the same pattern.

Review the sequence of events. Bargaining was undertaken by this union that turned out to be bargaining in name only. Take Inland Steel Company, for example. . . . We were but an insignificant part in the working out of the global strategy by which the establishment of this board was to be forced upon the government. The wage demand which was presented to you gentlemen was never brought to our bargaining table. We hear of it first here. It was pensions the union asked of us. . . .

We made an offer on pensions. We were confident that our employees liked that offer, but the global strategy of the union required that it be rejected and that no single company be permitted to make an agreement. So we find ourselves pleading our cause before strangers, men of standing but men who are strangers to our company and to our employees. . . . Collective bargaining has been destroyed. It has been repealed by the President. And if this union strategy works this time, collective bargaining will never come back. The precedent here attempted, reflecting the similar attempt made in 1946, would commit us to boards and government wage-fixing forever.

And no thoughtful person should be deceived by the naive suggestion that your findings are to be recommendations only. The moment your announcement is made every power of the government will be brought to bear to compel both sides to accept your conclusions. . . .

Mr. Murray speaks with complete authority. His is the single voice for all unions in the steel business. He holds the power to suspend steel production in every steel plant in the country, and suspend it too in plants that use the production of that industry. Through political alliance with the government he possesses the power to induce the President of the United States to take extra-legal action at his request.

. . . I repeat—this is the repeal of collective bargaining—this is government wage-fixing, the inevitable consequence of labor monopoly.

Mr. Murray devoted about one-third of his rebuttal to the industry's whole case in meeting this underlying protest against the President's intervention. He declared that "the attack" was "plainly designed to intimidate the board." He denied the charges both of perfunctory, bad-faith negotiations and of a "political alliance with the White House . . . to obtain" through the board "gains that the union could not win through collective bargaining."

He said,

The negotiations failed not because the union didn't want to make an agreement, but rather because the company [Inland], acting in concert with the rest of the industry, was unwilling to offer anything worth while to the union.

He rejected Mr. Randall's implication that the appointment of "the fact-finding board" represented the result

of a "political alliance" [as] an insult both to the high office and to the person of the President of the United States. . . . My first knowledge of the appointment of this board came in the wire which I received from the President on the same day that similar wires were received by the companies. I did not know the composition of the board until I read of it in the press.

He characterized Mr. Randall's reference to the board as "undermining the private enterprise system as sheer and utter nonsense."

The board set forth its findings on this issue as follows:

We think that in many ways fact-finding boards promote and supplement rather than hinder collective bargaining . . .

First, they serve generally to postpone a strike date, and thus they provide a cooling-off period. A "cooling-off period" imposed by injunction has not been found to create the atmosphere for reaching settlement by bargaining; *voluntary* bargaining and *compulsion* are inherently contradictory.

Second, they provide, often for the first time, an opportunity to the parties to hear from each other, in the course of the presentations to the board, a calm, reasoned recital of the merits which are claimed for their respective positions.

Third, for the first time in the process, they provide an opportunity for the public at large to become informed on the issues of the case. Sitting as the eyes and ears of the general public, they are in a position, as impartial observers, to come to informed conclusions on the facts and to make recommendations as to a fair and equitable settlement of the disputes. These recommendations should cover the framework, rather than the details, of a settlement, which should be left to the parties for negotiation. In doing this they advance the collective bargaining process by helping to provide the public with the facts upon which it can base its opinion.

All of these considerations promote the possibility of settlement after the board has found the facts and made its recommendations, and after the parties, in accordance with the usual custom, have resumed their places at the bargaining table.

These comments are not to be taken as an indication that we favor establishing wages and other conditions of employment by Government or even by the recommendations of fact-finding boards in preference to direct agreement of the parties. Quite the contrary, the most preferable agreement by far is that which the parties themselves make. Fortunately, thousands of labor agreements each year are the result of bargaining between management and labor alone in which not even the Conciliation Service has to concern itself.

After all voluntary efforts to reach an agreement have failed, including the inability to agree on arbitration, no machinery more effective than fact-finding boards with power to recommend has as yet been suggested.

VIII

THE IMPACT OF UNION POWER AND RIVALRIES

The implications of the growing power of unions—and the rivalry of union leaders—for management-union relations as well as for the welfare of the nation was stressed by steel executives. This aspect was stressed by Enders M. Voorhees, chairman of the finance committee of the United States Steel Corporation, in closing the industry's case before the board:

. . . The evidence I propose to submit can only be weighed against the barest outline of the growth in power of big unionism and the insufferable race for position by union leaders.

The competitive rivalry between the leaders of nationwide unions in pursuit of an even greater proportion of what there is for all, cannot be forgotten if fairness is to prevail in this case.

Thus the leaders of the United Steelworkers are confronted with a *fait accompli* of the head of the United Mine Workers, who by the exercise of a complete and uncontrolled monopoly power—a concentration of power heretofore unknown in

American life—is able to turn on or turn off at will the nation's production of coal, and has succeeded in wringing from the public, in terms of higher coal prices, a series of special benefits and pensions for the members of his union. . . .

I feel certain that the success of the United Mine Workers' leader—and he is merely a symbol of what is happening in other industries—in establishing new labor patterns at the expense of other segments of the public, arouses other union leaders' envy and goads them to seek equal or greater goals. Hence the origin of the pension demand here made upon us. It is a prime instance of the effect of the virus of big unionism. The company, the industry and, therefore too, the public, our employees, our customers, our suppliers and our stockholders are caught, with the government itself in the bitter race for power of giant labor monopolies. . . .

It is against this background that I wish to place before you the facts. And it is against this background that I will show that the insatiable appetites of labor bosses in their competitive race for superiority cannot be satisfied. Their momentary gains—and they would have to be momentary if they come into being—would have to come from other segments of the public, *for there is no other way.*

Mr. Murray replied at considerable length to this charge. He regarded it, he said, as "vicious and insulting" not only to himself but "to those who make Mr. Voorhees' steel and to those who mine his coal. . . . What is Mr. Voorhees for and what is he against?" He answered his own question:

He is for munificent pensions for himself and his associates. He is against decent pensions for his employes. He would compel them to retire without pensions. He is for princely wage increases for himself and his fellow executives.

Perhaps, Mr. Murray digressed, Mr. Voorhees had been entitled to the raise he received in 1948; but,

by all the rules of reason, if he was entitled to an increase of that nature in 1948, then the employes of his corporation are entitled at least to some consideration.

It was well known, Mr. Murray granted, that he had had his differences with Mr. Lewis but that had "absolutely nothing" to do with the case. The miners' pensions, he said, came not from Mr. Lewis but because the miners were prepared to fight for them. Not union rivalry but "real human need" furnished the background of the demands, "the kind of tragedy that only old age without security can know"—"a background of discarded men, cast aside without resources, to pass the remainder of their lives—at best the recipients of the charity of their relatives, at worst as patrons of county poorhouses."

IX

THE ISSUE ON THE SCOPE OF THE REOPENING CLAUSE

From the outset, one of the major differences between the parties lay in whether the issue of pensions was "bargainable" at all in the 1949 negotiations. The leading producers stood firmly on the mandate of the contract clause limiting reopening specifically to general wage changes and social insurance benefits. The union countered with justification for the addition of pension demands (1) on the basis of a liberal interpretation of wages to include various forms of compensation for services rendered and (2) on the

interpretation of NLRB as affirmed by the courts, particularly as expounded by Supreme Court decision in the Inland Steel case, upholding the union's right to bargain on pension plans.

As negotiations between the union and the steel companies reached deadlock, Benjamin F. Fairless issued a statement on July 6 giving his corporation's attitude on this issue:

> Sound and satisfactory labor-management relations cannot be attained if labor contracts arrived at through collective bargaining are not respected and lived up to by both parties thereto. . . .
>
> The issue at this time is not whether United States Steel's present non-contributory pension plan, established in 1911, is adequate or inadequate. . . . The sole issue at the moment is whether the union shall abide by the terms of the labor contract it entered into a year ago. . . .
>
> In view of the union's contention that this contract provision means something else, United States Steel has proposed to the union that the issue of whether or not the present labor contracts permit reopening at this time with respect to pensions be submitted to arbitration in accordance with the arbitration provisions of the contracts.

In *Steel Labor,* August, 1949, the union thus summarized its position on this issue:

> . . . The union asserted that the companies are morally, contractually and legally obligated to bargain on pensions as well as the other wage proposals.
>
> In support of this position, the union presented a carefully documented legal brief prepared by the union's general counsel, and an exhaustive actuarial analysis prepared by Mr. Murray Latimer, an outstanding expert in the pension and social insurance field.

The proposal to arbitrate the difference under the contract the union dismissed as not "bona fide" because (1) the board of conciliation and arbitration provided under the contract had not been functioning for some months since the resignation of its impartial chairman; and (2) the corporation was unwilling to submit the whole matter of pensions to arbitration.

The board made the following findings upon this issue:

> If this were a judicial proceeding we would undoubtedly agree, in theory and logic, with the following contentions of the companies.
>
> (1) That the union was wrong in refusing to arbitrate the question of contract interpretation in those cases where the contracts provide for arbitration in the event of dispute arising on the meaning of language in the contract. . . .
>
> (2) That a fact-finding board is not ordinarily supposed to pass upon any questions of law which by statute have been placed within the jurisdiction of the National Labor Relations Board. . . . [But] We have decided to view this in the most practical way. When we were appointed the country was faced with the threat of a strike within a few days. . . .
>
> One of those issues in dispute—the one on which the collective bargaining, such as it was, broke up—was this very issue of bargainability of pensions. We would find ourselves balked at the very threshold of the inquiry if we refused to pass upon that issue as well as the other issues. . . .
>
> Our conclusions on the facts and on the law with respect to bargainability are as follows:
>
> . . . *Bargainability of pensions under the contracts.* . . . We have come to the conclusion that so far as the contract itself is concerned, the subject of pen-

sions does not have to be bargained until the termination of the contract in April 1950.

The language of most of the reopening clauses . . . in our opinion was not meant to include pensions. . . . "wage rates" or "rates of pay" have to do only with the amount of money payable for a unit of work or time and not with compensation in general.

The presence of the definite clause in the reopening provision referring to social insurance, and the absence of any clause referring to pensions is indicative of the intention of the parties in 1948. If, as contended by the union, the phrase "rates of pay" includes pensions, it would, by the same reasoning, also include social insurance. Nevertheless, one was not mentioned and the other was.

In 1947, . . . and again in 1948 . . . the union included pensions in its demands as a separate item [within the reopening clause], along with wage rates and social insurance. . . . In 1947 it receded from its position as to both social insurance and pensions; in 1948 it receded from its position as to pensions alone. . . .

. . . *Bargainability of pensions under the Labor Management Relations Act, 1947.*—The union urges that apart from the provisions of the contract there is a statutory duty on both sides to bargain about pensions. We agree with that contention. . . .

Under the National Labor Relations Act, before the amendments of the Labor-Management Relations Act, 1947 (Taft-Hartley law), management had a continuing duty to bargain with a union on request on any item included in the phrase "rates of pay, wages, hours of employment, or other conditions of employment." This phrase, it is now admittedly the law [under the ruling of the *Inland Steel* case], includes pensions. This duty existed even though there might be in existence a written contract between the parties which specifically covered the item about which the union wished to bargain. . . .

The Labor-Management Relations Act, 1947, changed this rule but only in part. Although section 8 (d) of that act provides for the continuing obligation of both management and labor to bargain, it [excludes from such obligation any "terms and conditions" specifically written into an effective contract]. . . .

The question here is whether the union is asking for a modification of any of the "terms and conditions contained" in the contract, before the time when such terms and conditions can be reopened. There are, of course, many terms and conditions mentioned in these contracts before us. Although all of them could have been reopened for bargaining at any time under the original National Labor Relations Act, under the 1947 amendment none of these expressed terms in the contract can be reopened until April 30, 1950—except that, by actual agreement, one term "rates of pay" may be opened, and another term "social insurance" (not elsewhere expressly contained in the agreement) may also be reopened. As a matter of fact, even if the reopening clause had not mentioned social insurance, it would always have been a matter of statutory bargaining at any time under the statute because it was not mentioned elsewhere in the agreement. For that same reason, the subject of pensions—nowhere mentioned in the agreement—is a matter of bargaining and always was—from the day the contract was first executed in April 1947. . . .

Of course, as under the old law, the obligation to bargain on either side does not mean any obligation to agree.

X

ON THE MERITS OF A WAGE INCREASE

On the demand for wage increases, the union relied heavily (as in 1945–1946) on two reports prepared by Robert S. Nathan, *A National Economic*

Policy for 1949 and *Economic Position of the Steel Industry 1949*. The focal criteria about which its case revolved were broadly three: (1) the steelworkers' right to, and their need for, rate increases; (2) the ability of the industry to pay such increases by the record of profits, prices, productivity, and break-even points; and (3) the beneficial effects of increasing purchasing power upon the national economy.

The industry spokesmen urged, in turn, that (1) the economic conditions of steelworkers showed them well up among the top tenth of American workers in average hourly and weekly earnings, as well as in real income; (2) ability to *meet* higher labor costs as projected by the union's data on productivity, profits, prices, and break-even points had been overrated; and (3) the wage increase demanded threatened the whole economy with unemployment, inflation, or a dislocating transfer in purchasing power.

The board rejected the union's argument by the following analysis:

1. *Criteria for Conclusions on Raising Wage Rates or Labor Costs.* There are no mathematical formulae by which to settle the question of whether wage rates or labor costs should be increased at any particular time in a particular industry or particular plant. The Board seeks to form its best judgment based upon two major inquiries:

a. The first major inquiry. Is the present position of the steelworkers inequitable in earnings as compared with those of other groups in the economy? . . .

b. The second major inquiry. What would be the probable effects of granting the union's demands on the general level of economic activity in the country as a whole? . . .

2. *Findings and Conclusions Relative to the Above Criteria.*

a. Steelworkers in relation to workers in other industries. . . . The steelworkers' present average hourly earnings of about $1 65 compare favorably with all other manufacturing workers. Their average hourly earnings have risen more in cents per hour since 1939 and 1941 than those of manufacturing workers as a whole, and more than those of the durable-goods workers; in very few industries, manufacturing or non-manufacturing, have hourly earnings risen more in cents.

b. Steelworkers in relation to other groups whose economic welfare depends on the steel industry. Of such groups those to be compared with the steelworkers are the corporations themselves, the stockholders, and consumers of steel.

This involves the subject of ability to pay increased wage rates as related to profits, dividends, and prices. Taking up the factors to be considered . . . and other relevant considerations, the Board finds:

(1) *Productivity:* The union has not . . .

(*a*) . . . succeeded in proving its contention that productivity has risen by 49.5 percent since 1939.

(*b*) It is the belief of the Board that . . . wage rates in a particular industry should not be tied directly to productivity in that industry but rather should be related to the general industrial rise in productivity, and that any excesses of productivity in any one industry over the general average should provide primarily the means of reducing the prices of the products of that industry. . . .

The evidence before us reveals that for our whole national economy output per man-hour increased from 1899 to 1939 at an annual rate of about 2 percent, but that, in the decade which followed, the general rise in productivity was at a lesser rate. Therefore, the steelworkers' rise of 14 percent in real average hourly earnings during this decade is fairly consonant with the apparent rise in labor productivity in the whole economy during the same period and reflects no inequity in that regard.

(*c*) The union compared the productivity of 1939, a year of low volume, with 1948, a year of practically maximum volume, which is an unsound comparison.

(*d*) In computing an index of productivity for the steel industry, the union used the assumption that the production mix of the industry after 1945 was substantially the same as during the war years. This assumption is open to very serious question.

(*e*) Trustworthy productivity studies can be made only if the companies provide full and accurate data upon which such studies can be made. Such data were not offered in evidence.

(*f*) The companies also made invalid comparisons in their own productivity claims by insisting that an index of money rather than real average hourly earnings was the proper comparison with the productivity index.

(2) The level of profits of the steel industry, and labor's share therein:

(*a*) The Board has decided to accept as a basis for comparison the "reported" rather than the "adjusted" profit figures. Each party claimed these figures should be adjusted—upward by the union, downward by the companies—but the Board finds that it is impossible accurately to compute the amount of adjustments which each side has urged should be made.

(*b*) The reported profits after taxes of the steel industry in 1948 . . . were 511.9 million dollars as compared with an average of 271.3 million dollars in the period 1940–41, a rise of 89 percent; and in the first half of 1949, the annual rate of profit was 606.6 million dollars, or 124 percent above the 1940–41 average.

(*c*) The rates of profit—the dollar amounts of these profits figured as percentages of net worth—must be substantially discounted, however, for we are now considering 1948 and 1949 dollars which are considerably less valuable than those of 1939 or 1940 or 1941, whereas a large part of the capital assets in the net worth is in terms of dollars of higher value.

(*d*) The profits of the industry stated as a percentage of sales are also substantial for the year 1948 and the first quarter of 1949 (6.3 percent and 6 8 percent, respectively); but are not out of line with comparable prewar years like 1940 and 1941 when the percentages were 8.2 and 6 1.

(*e*) In evaluating the amount of profits in any given year like 1948 or 1949, to determine whether the workers have received a fair share thereof, it is necessary also to consider the low level of profits or lack of profits in other years of the business cycle. The prosperity of a volatile industry like steel and its ability to pay should be judged over a longer range.

(3) Break-even point: In considering the break-even point, which is the next factor in appraising the companies' ability to pay, the Board finds that it is unable to accept the union's estimate of the break-even point for the industry of 32 percent under present wage and cost levels. At the same time the Board doubts that the estimates made by some of the companies running as high as 65 or 70 percent reflect the actual break-even points for the larger tonnage producers. The Board's conclusion is that the present break-even point, for most of the large tonnage producers, is somewhere above the union's figure of 32 percent and below the companies' estimates of 55 to 70 percent. These conclusions are reached for the following reasons:

(*a*) Reliable supporting data are lacking for all the estimates made, and the union made certain assumptions which are unacceptable.

(*b*) Most of the companies failed to inform the Board of their break-even points; none of them provided the data needed to make a reliable estimate; and the Board believes each of the major companies could have indicated its own break-even point and the basis thereof.

(*c*) The union's testimony that the break-even point before the war was at 45 percent of capacity was not controverted.

(*d*) The favorable course of profits in 1949 as compared with 1948 indicates that the break-even point has become lower since 1948, because in the second

quarter of 1949 when operations were at the average rate of 91 percent, profits before taxes were about $230,000,000 as compared with the same quarter in 1948 when operations were at 90 percent and the profit figure $170,000,000, a rise of $60,000,000, or about 35 percent, at approximately the same rate of operations. A comparison of the first half in 1948 with the second quarter of 1949 leads to similar conclusions.

(4) With respect to the factor of probable movement of raw materials prices and other costs, the Board has taken into consideration the large decline since 1948 in the prices of certain materials, notably scrap; but it has also noted the recent recovery in some of these prices. It has also noted rises since 1948 in the prices of certain other important materials, such as iron ore and coal. . . .

(5) . . . If the share of ownership be defined in terms of dividends, its rate of return becomes very low, for the total dollar amounts of dividends, when paid, have consistently been only minor fractions of profits after taxes.

(6) The industry's recent policy of modernizing and expanding physical plant and facilities has absorbed most of its recent substantial profits. Given the country's peacetime and possible wartime needs for larger steel-making capacity, the program seems entirely desirable. But there is a question as to whether a larger part of the financing of such long-term assets should not have been through long-term debt instead of recent profits, thus leaving more of the current profits for dividends to stockholders and for social insurance and for setting up reserves for pensions.

(7) The plant modernization and expansion program should result in efficiencies which, other things being equal, will better enable the companies to meet the cost of the insurance and pension plans recommended, and also to look toward a lower level of prices for their products.

(8) There are no inequities of steelworkers at present which require redress through a general wage-rate increase; and the recommendation is that the union withdraw its request for a general wage-rate increase.

(9) However, with increased efficiency and lowered costs resulting from the plant-modernization program, and with no great decrease in the demand for steel, there should be continued and higher profits. If these profits do not result in benefit to the consumer in the form of lower prices, there would be justification for the union to renew its demand for increase of wage rates in order better to participate in the industry's prosperity.

c. Steelworkers in relation to other income-receiving groups. The cost of living has remained stable within the last year; in fact it has slowly declined. The post-war race between rising wage rates and rising costs of living has been called off by the operation of economic forces. Therefore there is no inequity in respect to other income-receiving groups in the general economy.

d. Findings and conclusions on increased wage rates in relation to economy as a whole. With respect to the second major criterion mentioned above—weighing the effect of granting the union's demands on the general levels of economic activity in the country as a whole—the Board finds:

(1) While the Board's findings and recommendations are based on the facts and figures of the steel industry alone, there is a probability that a wage-rate increase in steel would be urged as a pattern to be followed in other industries; this in turn might well cause price dislocations, with adverse effects on the general economy and on the steel industry itself. . . .

(3) While there may be conditions in particular industries which require correction through wage rate adjustments, in general it seems desirable at this time to stabilize the level of wage rates. In the steel industry we have not found such conditions or inequities and, for all the reasons stated, do not believe there should be a wage rate adjustment now. General stability is desirable now in order that consumers and dealers may have confidence in the price structure and resume less restricted buying habits.

XI

ON THE MERITS OF INSURANCE AND PENSION DEMANDS

The positions of the parties upon insurance and pensions were in many ways integrated into the arguments for and against wage increases. The union stressed the need of the steelworkers for such benefits as well as the ability of the industry to provide them. It maintained also that they must be provided by noncontributory systems. The companies on the whole accepted the fundamental desirability of such benefits. They pointed to existing plans, often long established, challenged the union's cost estimates, urged the desirability of employee contributions in the interests of a sound system, and, as already indicated, insisted that, with the single exception of Inland Steel, pensions were not bargainable until the expiration date of the agreements in 1950.

The content of the union's case may be indicated by the following excerpts from Mr. Murray's statement before the board:

> Surely, no one questions in this day and time that workers are entitled to a decent standard of living in return for their labor. This must obviously include provision for illness, accident, old age, and death. . . .
>
> By the Social Security Act the Government has made a start, but only a bare start, at providing old age pensions and survivors' insurance. But there can be no serious suggestion that the Social Security Act even begins to make decent provision for old age. The present average benefits for workers currently retiring from the steel industry is about $37 for an individual and less than $41 for a family. . . . The Federal Government makes no provision whatever except in the railroad industry for incomes to persons who are temporarily ill and no provision for any form of medical care to any workers anywhere. . . .
>
> Decent provision for workers and their families . . . is the most legitimate of all production costs. . . .
>
> . . . Now . . . the only group life insurance which the industry provides, with few exceptions, is paid for almost entirely by its employees. The industry contributes the administrative cost which is negligible—in the case of U.S. Steel less than 1/5¢ per hour for each employee. Furthermore, under these so-called voluntary plans providing group life insurance, a substantial number of employees do not participate. In the case of U.S. Steel this non-participating group amounts to 20% of all employees.
>
> The Steelworker wants and is entitled to protection and security, paid for by the company . . . without having to exhaust his savings, borrow money or go into debt.
>
> We will no longer tolerate the double standard whereby machines are preferred over men. Every well-operated company sets aside money for depreciation, repair, and replacement of machinery. Only infrequently, however, does it make similar provisions for the care of its employees—human beings. . . .
>
> Most of the companies who are parties to the proceedings before this Board purport to have some kind of . . . plan. . . . In no case are they, in the judgment of the Union, adequate.
>
> The case of the United States Steel Corporation is a typical and shocking illustration of the callous disregard of the industry of its social obligations to its employees. This gigantic corporation's only contribution to the provision of social insurance for its workers is the miserly sum of less than 1/5 of a cent per hour for each employee. This affluent Corporation is currently paying to its workers upon

their retirement at age 65 after years of devoted service a niggardly pension of less than $5 a month for each such employee. This is the *average* pension. . . . This is to be contrasted with the opulent pensions granted to the Corporation's executive officers. . . . The situation with respect to the other companies before the Board is, with few exceptions, comparable to that of the United States Steel Corporation. . . .

It is part of the Union's proposals that the cost of pension and social insurance benefits be paid for by the employers. This is just and entirely logical. Any so-called contributory plan disregards the plain fact that the costs of such benefits are a cost of doing business comparable to the cost of maintaining and replacing machinery. Furthermore, a contributory plan would have the effect of cutting the current wages of employees in the industry, which would be just the opposite of what is desirable both from the standpoint of the employees and of the national economy.

The steel companies summarized their counterarguments on insurance as follows:

1. Most steel companies have insurance programs already in effect. Steel companies are willing to discuss insurance programs and to increase their contributions to them.
2. The principle of joint contributions should be accepted, with employer and employee sharing the cost. Joint responsibility preserves the individual's right to spend or save as he sees fit.
3. Union estimates of the cost of benefits demanded are far short of actual cost figures.

Jones & Laughlin, for example, has offered to share equally with individual employees the cost of an insurance program including: (1) life insurance equal to one year's "normal" wages; (2) accidental death insurance equal to the amount of life insurance (double indemnity); (3) dismemberment insurance in proportion to the amount of life insurance; (4) sick benefits equal to half pay for a period of 13 weeks; (5) hospital insurance for a maximum of 31 days; (6) surgical benefits ranging up to $150. Cost would be 4½ cents per hour, based on 100 per cent operations, or $3,500,000 a year. Similar plans have been offered by other companies.

The companies find that union cost estimates for the insurance benefits demanded by the union are much too low. "Our present insurance carrier advises us," said Carl L. Collins, president of Superior Steel, "that the cost of this program would be $18.99 per month per man, or slightly more than 11 cents an hour." Inland Steel reported that group insurance, accident, health, hospital and surgical benefits cost the company at present about 10 cents an hour per employee.

Answering company figures like these on insurance costs, the union's insurance expert, Murray Latimer, told the board the union would accept whatever insurance benefits could be obtained for the union's demand of 6.23 cents an hour.

J. Douglas Brown of Princeton University, appearing for the steel companies, told the board that insurance based on joint contributions is less likely to be discontinued because of changing economic conditions than insurance wholly financed by a company. He said that joint contributions justify vesting full title in the insurance policy holder after a certain period, regardless of health or employment, and that joint contributions promote better understanding and better operation of insurance plans. . . .

The companies' counterarguments on pensions were as follows:

1. The union, by contract in 1948, waived the right to demand bargaining on pensions until 1950. Contract terms now in effect foreclose bargaining on any issues this year except wage rates and "life, accident, health, and medical hospital insurance benefits."

2. Cost of pensions has been underestimated by the union in many companies where, because of age distribution, costs would be substantially higher.
3. The union should agree to joint employee contributions, in accordance with the sound and traditional American principle of self-help.

* * * *

The union estimated the cost of its pension program at 11.23 cents an hour. In contrast to that figure, said Judge Patterson, representing 16 smaller steel companies, the cost will be as much as 43 cents an hour. "The lower figure quoted by the union does not allow for funding the accrued liability."

If the union's proposed pension plan should be made effective, said Mr. Voorhees, "on that day U S. Steel's liability for past service cost is one billion dollars. If the same union plan is extended to all corporations other than banks and insurance companies, the liability of such corporate industry is more than its entire working capital of $65,000,000,000. . . . For the less financially strong . . . it spells insolvency immediately. . . . For the more financially strong . . . weakening of their ability to maintain their productive tools and the jobs of operating them.

"No one unwilling to contribute towards his own old age requirement has a moral right to demand that others make that provision for him."

Mr. Voorhees said U.S. Steel was a pioneer in pensions, a quarter of a century ahead of social security legislation. Over the years U.S. Steel has paid over $300 million for employee pensions, in addition to $90 million in taxes for Federal old age benefits. Current U.S. Steel pensions to 15,000 retired employees average $44 a month. U.S. Steel favors pensions that are "proper, workable, financially sound, and within the framework of accepted American principles."

The findings of the board on these issues follow:

Social Insurance and Pensions

1. *Findings and Conclusions as to Both.*

(*a*) Social insurance and pensions should be considered a part of normal business costs to take care of temporary and permanent depreciation in the human "machine," in much the same way as provision is made for depreciation and insurance of plant and machinery. This obligation should be among the first charges on revenues.

(*b*) As indicated in the foregoing economic discussion, the net cost of the social insurance and pension plans herein recommended can be absorbed by the companies without unduly narrowing the profit margin of the industry or its ability to hold or even lower its prices.[1]

(*c*) Although the steel industry has kept pace with other industries in wages and other industrial relations matters, it has lagged behind other leading basic industries in social insurance and pensions.

(*d*) The fully integrated companies before us now have social insurance and retirement plans for such of their employees as are in their railroad or coal-mining operations, and this further supports the Board's conclusions that the steel workers are now entitled to these types of protection.

(*e*) Social insurance and pension programs with the types of coverage requested by the union in this dispute have become prevalent in American industry and have been inaugurated either by the unilateral action of employers or, to an increasing extent, through collective bargaining.

(*f*) The concept of providing social insurance and pensions for workers in

[1] The board had estimated the net cost of the two programs "based upon the liberal assumption that labor costs average 50 percent of total production costs" as providing "an increase of only 2½ percent of total costs" on annual operations of 2,000 hours per worker.

industry has become an accepted part of modern American thinking. Unless government provides such insurance in adequate amount, industry should step in to fill the gap.

(*g*) Government (except in four States) has failed to provide social insurance (as defined herein) for industrial workers generally, and has supplied old-age retirement benefits in amounts which are not adequate to provide an American minimum standard of living.

(*h*) The recent trend in programs resulting from collective bargaining is toward complete financing of the plan by the employer, or toward lowering the employees' cost in existing contributory plans.

2. *Findings and Conclusions on Social Insurance.*

(*a*) Social insurance plans are now included in some 380 existing collective-bargaining agreements between the United Steelworkers of America and firms both within and without the basic steel industry. Of these the Board had information on some 300 plans, of which over 80 percent were noncontributory. These plans, in which the cost is paid solely by the employer, almost invariably provide for a lower level of benefits than those requested by the union in the present case; and the costs of such plans are definitely lower, on the basis of a 2,000-hour workyear, than the cost of 6.27 cents per hour which the union is requesting here.

(*b*) It is recommended as fair and equitable under all the circumstances, that a social insurance plan be incorporated into the collective-bargaining agreements of the industry. The details and specific benefits of the plans should be determined through collective bargaining between each company and the union. The plans should be paid for by the employers without contribution by the employees; but should be limited in net cost to a maximum of about $80 per year per employee, or 4 cents per hour, on a basis of a 2,000-hour workyear.

(*c*) The recommended net cost is meant to be the total cost, not a cost in addition to what any company is now incurring under its existing insurance plan for employees within the bargaining unit; therefore any plan which may be agreed upon between a company and the union shall not be in addition to any existing plan which the company may have but in substitution therefor; nor should any company be expected to provide duplicating sickness benefits where provision therefor is made by State law, except to the extent that the amount agreed on exceeds the amount payable under such laws. This will result in a diminution of the cost of the new social insurance plan for all companies which are now paying all or any part of the cost of existing plans, to the extent of the amounts of such present costs.

3. *Findings and Conclusions on Pensions.*

(*a*) The subject of pensions is not bargainable at this time under the terms of the reopening clause providing for the right in either party in 1949 to negotiate for a general and uniform change in rates of pay and/or for described social insurance.

(*b*) However, the subject of pensions is bargainable under the law as interpreted by the National Labor Relations Board as to all the companies. Pensions are not included in the written agreement and "with respect to unwritten terms dealing with 'wages, hours and other terms and conditions of employment,' the obligation remains on both parties to bargain continuously."

(*c*) Such pension plans as are now in effect in the basic steel industry were the result of unilateral action by employers and are generally inadequate even as a minimum supplement to the amounts payable as old-age pensions under the Social Security Act, when compared with recognized minimum requirements of elderly individuals or couples.

(*d*) The level of pensions requested by the union in this case, however, is higher than that prevailing or agreed on where such plans are in effect.

(*e*) It is recommended as fair and equitable under all the circumstances that pension plans be established in this industry, with the cost to be borne by the employers without contribution from the employees. The details of such plans should be determined through collective bargaining between each company and the union.

(1) Pensions should be limited in net cost to a maximum of about $120 per employee per year, or 6 cents per hour on a basis of a 2,000-hour workyear. Based on the union's cost estimates, this will provide, when added to average Social Security old-age benefits, about $100 per month on retirement at age 65 of the average employee.

(2) The recommended net cost is meant to be the total cost, not a cost in addition to what any company is now incurring under its own pension plan for employees within the bargaining unit. Therefore any plan agreed upon between a company and the union should not be in addition to any existing plan which the company may already have, but in substitution therefor.

(3) Since the problems involved in a pension program are more complicated than those faced in social insurance programs, and because the costs are greater and the program less susceptible to change from year to year, it is recommended that a joint study in the industry should be made on pensions. Such a study is necessary before intelligent bargaining over a pension program can be concluded.

(4) Among the matters which will have to be resolved in collective bargaining are these: Should the plan be handled through an insurance company or through a trust fund and how may the parties participate in the supervision; how shall the accrued liability for past service be treated; shall there be provision for employees retired through permanent disability below the age of 65; what shall be the minimum length of service to be eligible for pensions; shall the payments be proportioned to length of service or amount of income, or shall the pensions be at a flat amount; shall withdrawing employees have any rights if they leave the company's employ before they are 65; shall retirement at 65 be compulsory or shall there be some means provided for making exceptions, whether by mutual agreement of the employer and employee, or otherwise; and, having agreed on other principles and details, how large should the benefits be in light of the maximum cost stipulated?

XII

DEADLOCK FOLLOWING BOARD'S REPORT

The report of the board received initially a favorable public response. The union expressed disappointment over the denial of a wage increase but accepted the findings and demanded that the recommendations become the basis for settlement. The industry crystallized its position by (1) offering 4 cents an hour for social insurance provided employees made an additional contribution; (2) agreeing to a joint study on pensions, to be concluded March 1, 1950, but without any commitment on the 6-cent figure; and (3) opposing noncontributory pensions. An exchange of telegrams between Messrs. Murray and Fairless showed that the differences again threatened deadlock. On September 14, Mr. Fairless stated:

> The most important issue raised by the report of the Presidential steel board is whether such a board, possessing no statutory authority, power or responsibility, is to be permitted by public opinion or otherwise to impose upon American industry for all time a non-contributory system of social security, with the entire cost borne by the employer.

Mr. Murray characterized this statement as "a flat rejection by the United States Steel Corporation of the recommendations of the steel industry board," which the union in contrast "has accepted . . . as a basis on which to conclude a prompt settlement . . . in recognition of the public interest in this dispute and in the hope of averting a steel strike."

Mr. Murray continued in reply to Mr. Fairless:

> You presume to dictate . . . that any plan of social insurance and pensions shall be bargained upon only on the basis of a contributory program.
>
> You assert that this is a matter of fundamental principle, notwithstanding that you, Mr. Fairless, and other executives in your corporation and in the industry will enjoy substantial pensions upon retirement based upon noncontributory programs created by the industry for the benefit of its executives rather than its workers.
>
> The union and the public will not and do not accept any such unfair dictates on your part.
>
> The union still hopes that a strike in the basic steel industry can be averted. . . . We are ready and willing to resume collective bargaining and to reach prompt agreement with you and the rest of the industry on the basis of the board's recommendations.

Mr. Fairless, in his turn, rejected the union's interpretation of further mutual responsibility, terming it "nothing more than repetition of your dictatorial message that we must accept" the board's recommendations before the union would resume negotiations. He went on:

> I told you yesterday and I now confirm that we decline to accept your ultimatum which is both unfair and contrary to the assurance given us in advance by the President of the United States that the recommendations of the board would not be binding upon either party. . . .
>
> Twice before this week, I have notified you, and I again repeat, that we are ready promptly to resume collective bargaining conferences with your union. . . .
>
> The deadline for your threatened strike on Sept. 25, 1949, is less than ten days away. Time is therefore of the essence, and I ask that you now tell us definitely when your union will meet with us in such a resumption of collective bargaining.
>
> I repeat that the responsibility is yours; not ours.

Both President Truman and Chief Federal Mediator Cyrus S. Ching deplored this "debate by telegraph" and the sparring about "the meaning of words," such as "accepting the recommendations as a basis for settlement." They pressed upon the parties a resumption of actual negotiations. While mediation conferences were going on, President Truman on September 21 requested another strike postponement from September 25 to October 1, the third postponement since the dispute began. When the parties assented, last-ditch negotiations began on September 23. Federal conciliators participated; and the company modified its stand by agreeing on September 27 to accept the "10-cent package" as the corporation's contribution but stood firm on the principle of employee contributions. The union persisted in demanding acceptance of the board's recommendations as a whole, including the noncontributory basis for insurance benefits and pensions, and, on September 28, demanded that benefits be retroactive to July 16, 1949.

The final deadlock thus emerged. Protesting the union's use of the recommendations of the board as "equivalent to those of a compulsory arbitra-

tion tribunal," U.S. Steel announced its refusal "to bow to such an ultimatum." The strike call thereupon became effective; on the eve of the strike, the union declared its freedom to reinstate its original demand for "a 30-cent package," including a 12½ cents hourly wage increase.

XII

THE STRIKE

Some 500,000 employees of 37 basic steel companies laid down tools on October 1. The central issue in dispute was whether pensions and insurance should be financed solely by the companies or whether the programs should be set up on a contributory basis.

The strike was peaceful. The plants were closed down in good shape. Maintenance men were provided by the union as needed. Picketing was quiet and orderly, with management supplying coffee frequently to the pickets and, in one large plant, supplying radios over which pickets could listen to the World Series.

Nonetheless, the pinch was gradually tightening on the whole economy, a pinch accentuated by the concurrent coal strike. Steel was distributed on an allocation basis; workers in automobile and other manufacturing plants were furloughed as layoffs spread and accelerated; railroads curtailed train service. As the strike progressed, relief rolls rose as first the unskilled workers and then others had to seek aid. Most investigators pictured the strikers as neither thoroughly conversant with the subtleties of the narrow issue behind their walkout nor emotionally heated by the controversy. But they were generally determined to stand by their union and their president, Philip Murray. During October, Mr. Murray made a tour of the steel centers to explain the union's position in the deadlock. Mr. Ching and his associates persisted in their mediation efforts, concentrating mainly upon Bethlehem and U.S. Steel.

XIII

THE CONTEMPORANEOUS STRIKE IN COAL

On September 16, about one week after the report of the Steel Industry Board was made public, benefit payments—pensions, disability allowances, death benefits, aid to widows and orphans, medical care—had been suspended from the United Mine Workers' Welfare and Retirement Fund. Established in 1946, this fund had been financed in 1949 by a royalty of 20 cents on every ton mined. It had been rumored for some weeks that the miners' welfare fund had been operating on a hand-to-mouth basis, with its reserves reduced to $14 millions. Desultory negotiations had been going on between Mr. Lewis and the operators for revision of the current contract that had expired on June 30. Although Mr. Lewis had not submitted formal demands, he was thought to be seeking an increase in welfare royalties to 30 cents a ton, higher wages, a shorter work week, and controlled bituminous production

on the model of the anthracite plan. Early in July, Mr. Lewis had ordered the miners to work on a three-day-week schedule. Western, Appalachian, and Southern operators differed in policy; and on July 1, the Southern sector suspended royalty payments on the ground that the contract had expired. The suspension of benefit payments followed the same week; and on September 19, the miners quit work.

On October 14, Mr. Lewis addressed a letter to William Green, suggesting that nine of AFL's large affiliates join the United Mine Workers in raising each $250,000 a week for assistance to the striking steelworkers to sustain them "in the monumental conflict which is now joined . . ." so that their fight could become "the uncompromising fight of all American Labor." Mr. Green's reply raised questions he deemed prerequisite to any further action:

> Has Mr. Murray requested the amount of financial assistance referred to in your proposal? . . . Is your proposal based upon a request you received from Mr. Murray for financial assistance?

He underscored these questions by remarking that Mr. Murray had never "either directly or indirectly requested any financial assistance" from federation affiliates, which of course as autonomous bodies would have to make final answer themselves. Mr. Murray, in turn, suggested that labor generally furnish assistance to both the striking miners and steelworkers.

XIV

THE CIO CONVENTION AND THE LEFT-WING SHOWDOWN

During this same period also, negotiations had been in progress between the Ford Motor Company and the UAW–CIO. On September 29, these negotiators announced their establishment of noncontributory insurance and retirement benefits with a $100-a-month retirement allowance including Social Security benefits.[1]

The preparatory sessions of the CIO executive board for the Eleventh Annual Convention, scheduled to meet in Cleveland from October 31 to November 5, opened in that city on October 25. The board unanimously pledged itself to raise a multimillion dollar war fund to aid the steel strikers.

The showdown fight with the eleven left-wing unions that had been developing for some time came to a head in the convention. Mr. Murray declared, for instance, in his keynote address that the Communists were excoriating him because the Steelworkers union had accepted the recommendations of the Steel Industry Board. He described how the Communist press as well as the Moscow radio was denouncing him as "a traitor" to the workers. The convention voted to bar from the executive board Communist Party members, fascists, and those pursuing the policies of any totalitarian organization. The United Electrical, Radio & Machine Workers of America, the third largest union in the CIO, was expelled, as was the United Farm Equipment & Metal Workers of America. A new charter was granted to right-wing

[1] See case, Ford Motor Company: Negotiating the 1949 Agreement, pp. 323–359.

leaders in the UE; and immediately throughout the centers manufacturing electrical equipment, the battle began for rank-and-file membership. CIO vice presidents who were leaders of the left-wing unions were barred from candidacy for re-election. Three committees of three board members each were established to hold hearings on the remaining nine left-wing unions; and it was clear by the time the convention ended that they, too, would face expulsion unless a change took place in their leadership and policies.

XV

THE SETTLEMENT

In the closing days of October, rumors spread that a break in the strike was imminent. At convention headquarters in Cleveland, Mr. Murray informed the press in the morning of October 31 that he would have an announcement of great importance for them at 4 P.M. While the reporters kept wires open to flash the news to their papers, the scheduled conference was twice postponed. Shortly before 8 P.M., Joseph M. Larkin, vice president in charge of industrial relations of Bethlehem Steel Company, and Philip Murray entered the ballroom of the Hotel Statler "arm in arm . . . the faces of both men . . . flushed" to make the announcement that they had just signed an agreement which ended the strike in the Bethlehem plants.

Bethlehem, Mr. Larkin explained, had a 26-year-old noncontributory pension plan. This would be continued "with amendments," subject to stockholders' approval, the principal one of which would increase the present minimum pension of $50 to $100 a month for employees of 25 or more years of service at age 65 years or over. The established social insurance program in the company had been noncontributory; the new agreement provides, Mr. Larkin declared, a "contributory social program" for death, sickness and accident, and hospitalization benefits. Upon concluding his statement, Mr. Larkin left the conference.

Mr. Murray thereupon entered upon a lengthier discussion. For the first time, he declared, a company other than U.S. Steel has "taken on itself the responsibility of leadership in setting a pattern for the industry." He emphasized that the Bethlehem agreement had been reached by direct negotiations, and hailed the pension plan as "the most outstanding achievement of its kind attained by any union through collective bargaining in this or any other country." The union gained in the insurance plan even though it agreed to accept a contributory system. Bethlehem employees, instead of paying the full premium as hitherto, would now underwrite one-half of a total cost of 5 cents an hour a man for a "vastly expanded" program. The program, it was hoped, would go into effect on January 1, but in any event, not later than next March 1. The plan would remain unaltered for five years; the contract as a whole would be renewed for two years with a reopening clause for wages in 1950.

The log jam was broken. Jones & Laughlin signed next, on November 8, and then Republic Steel and Youngstown Sheet and Tube. When, on

November 11, agreement was concluded with U.S. Steel, the steel strike of 1949 was virtually over. With some minor differences to meet particular situations, the settlements followed the "Bethlehem pattern."

Discussion Questions

1. Evaluate the positions of the union and of management on the major issues: (*a*) industry-wide bargaining; (*b*) pattern bargaining; (*c*) government intervention; (*d*) scope of reopening clauses; (*e*) wages; (*f*) social insurance; (*g*) pensions.

2. Examine critically the findings and recommendations of the board.

3. Evaluate the public relations program of the industry in this negotiation.

4. What factors would you explore toward an understanding of Mr. Murray's position and action in this negotiation?

5. Interpret the Bethlehem settlement in terms of the past history of the steel industry.

6. How would you explain the peaceful conduct of the strike?

7. What kind of union-management structure is developing in steel? Explain in detail.

PART III. CONFLICT AND COOPERATION: PROBLEMS OF ADAPTATION OVER TIME

BARTOLO BROTHERS (A)

HOSTILITIES IN THE CUTTING ROOM

INTRODUCTION

Bartolo Brothers, Inc., is a manufacturer of men's clothing in the small industrial city of Hamilton. The employees are represented by the Amalgamated Clothing Workers of America (CIO). Between 1940 and 1948 disputes arising at Bartolo Brothers' were brought before Mr. T. S. Colton as the impartial chairman or arbitrator. Mr. Colton acquired considerable insight into the labor-management relationships, not only because of his position as arbitrator, but also through interviews which he and his associates had from time to time with the workers, the management, and the union officials. Accordingly, the case record reveals the development of shop relations at Bartolo Brothers' during the years 1940 to 1948 and illustrates their dynamic nature.

The firm has a reputation as a manufacturer of medium-priced "style" goods with exceptional workmanship in this price range. It operates as an "inside" shop, that is, one that carries forward the whole productive process within its own plant.[1] There are five major production processes: designing the models; sponging and examining the fabrics; cutting the fabric and trimmings from patterns; sewing and finishing; and pressing.

The cutting rooms at Bartolo's, the focus of this case, are organized into working teams of three men each: a "layer," a "marker," and a "cutter." The layer unrolls the cloth delivered from the sponging room and stretches it flat on a long table, measuring off enough to make one garment according to the specifications on the ticket. A second length is laid on top of the first; a third, on the second; and so on, until enough has been piled up to make all suits of a given size and pattern. The "lay" so produced may contain as many as 40 thicknesses of cloth. It is held in position by iron weights. This operation requires relatively little skill and is usually performed by beginners.

The marker next takes the cardboard patterns for the different pieces of cloth to be cut, such as sleeves, back, side of pants, etc., and tries to fit them all on top of the lay. This requires considerable skill, as the marker's prime aim is, of course, to waste as little cloth as possible. Each size, moreover, requires a different arrangement of patterns. When the marker has

[1] In contrast, a manufacturer operating under the "contract system" cuts out the materials and trimmings to be "finished" by coat, vest, or pants contractors.

finally arranged his patterns, he outlines them with tailor's chalk. At the beginning of each season when new styles come in, some experimentation is necessary in order to arrive at a satisfactory arrangement of patterns, and these preliminary experiments are referred to as "trial lays." The marker is considered the most skilled operator of the team.

The cutter comes next into the production process, cutting out with an electrically operated machine the patterns thus marked. Cutting obviously requires great accuracy, as a single mistake may result in serious loss of material and time.

The cut pieces then are piled on a bench near each cutting table, from which they are passed on to another department to workers who sew them together, put in linings, and so forth, and finally to those who assemble the finished garments. The final operation is performed in another room by the pressers.

The spring manufacturing season usually ends in June. During the spring of 1939 the so-called sports model with pinched back became popular. For "ordinary" lays of cloth the cutters received 66 cents; and for the "pinch-back" models, 84 cents. In the spring of 1940, when so-called "plaids" gained popularity, management and union had set a uniform rate of 77 cents for all models. Shortly afterwards, the cutters complained that their earnings at the new 77-cent rate were inadequate. Plaid fabrics required two cuts: first, a "rough" cut of the patterns; and then, a second cut to match the stripes precisely. To avert the threatened dispute, it was agreed to experiment with allocating the extra or "second" cuts to the markers, paying them at time rates designed to assure them their "usual" earnings. When this also proved unsatisfactory, the workers' persisting demand for a change in the whole rate schedule was brought to arbitration. It is at this point that the record opens.

The First Arbitration

Excerpts from the stenographic transcript of the hearing before the impartial chairman, April 18, 1940, follow:

Present for the Management	*Present for the Union*
Leo Bartolo, President	Frank Santo, Regional Director
Angelo Bartolo, Treasurer	John Pacetti, Business Agent
Arthur Schwartz, Foreman of the Cutting Room	Aaron Kastanian, Marker
	Vito Albani, Marker
Also Present	Don Piano, Marker
Minzio Bonanno, formerly Foreman of the Cutting Room	Guido Battista, Cutter
	Joseph Adalian, Cutter
Rose Bestor, Payroll Clerk and Secretary to Leo Bartolo	Edward Dekran, Cutter
	Four Employees from the Pressing Department

The hearing was held at the company's office in Hamilton.

Santo (u) [smiling genially]: Now boys, this always is a better way of

handling a situation than walking out or striking and throwing bricks around. Mr. Colton, do you want to have these men begin?

Arbitrator: How long have you had collective bargaining with this firm?

Santo (u): About five years, but we have had a written agreement for only a year or so.

Arbitrator: Mr. Bauer[1] phoned me that there was a situation here which he wanted me to arbitrate, but he really didn't tell me much about it. [To Leo Bartolo.] I wonder if you would be good enough to give me a little background.

Leo Bartolo (m) [speaking very seriously]: For some time we had a lot of trouble with this organization. [He pauses.] When I say some time, I mean about 3 or 4 years. This shop is about 12 years old. For the past 5 years a group of gangsters from the cutters have been causing us a lot of trouble.

Santo (u): Why do you use such language?

Leo Bartolo (m) [decisively]: I want to express myself the way I like. You know what I mean.

Arbitrator: Of course, Mr. Bartolo does not mean gangster in the sense of an Al Capone gang.

Leo Bartolo (m): Of course not. There were times when we could not agree on a wage rate even after the union came in and tried to adjust it. These fellows would not budge. About 3 years ago, they went out on strike for no reason at all. We told them that we would be glad to go to an arbitrator and get the facts settled. It costs us money to stop working. When they struck, they caused another shop here in Hamilton to go out on strike for nothing. Pacetti and Santo tried to patch things up for us. Finally, things got so bad that we became disgusted. It seemed strange for us to consider quitting the business, but we decided last May that we would do just that. We were determined to close down and move out of town. We aren't rich and we couldn't stand it any longer the way things had been going. Mr. Santo came up and after a lot of discussion we finally agreed to sign a contract.

It looked as if things were going to be rosy then; and they were—while they went along to the satisfaction of the cutters and markers. As in everything in life, they have their leaders. [He pauses.] I accuse those two men of causing all the trouble. [Pointing.] That man, Aaron [Kastanian], is the leader and the other, Vito [Albani], is his right-hand man. The rest follow along. We have no trouble with most of our employees.

Last July we signed this contract. Lately, because of the conditions in the industry, we decided that the best thing to do was to put the markers on a time basis. The contract states that we have to pay $1.25 an hour to markers or cutters when they are on time work, or, rather, their average earnings which were about that. But when we put some of them on time work, they said that they would like it if the whole cutting floor was put on

[1] Manager of the regional joint board of the Amalgamated Clothing Workers.

time. We said that this could not be done because only one group of them was affected by the changes in style. That required the matching of collars in plaid cloth. This talk went on and on; it lasted about a week. We thought that we could convince them to continue, but they didn't like it. We had only one course before us, and that was to arbitrate. During the period when all this happened, production had suddenly fallen down, and we felt that this was caused by some sort of sabotage, some interference with the work by these fellows. We didn't want to harm them financially when we made the change; it simply seemed the best thing all around to do. But they wouldn't cooperate with us in any way.

One day these gentlemen absented themselves voluntarily from the shop. There is always work for the cutters, even though the shop isn't very busy as a whole. It makes no difference in the cutting whether there are 100 lays or 2,000 lays to cut. They have to work the same. They don't suffer as much as the other workers do when the business is a little slack. But this day they didn't report. Mr. Pacetti was good enough to call us and tell us that the workers were in his office. We were very angry. They only work 7 hours a day, and we want to get what we can done in that short time. We had been falling behind right along because of the lack of production. We asked the men to work overtime when they came back. They did, and the following day they walked out again. We were so disgusted and exhausted from dealing with them that we didn't know what to do. We decided that they just don't want to work. [With considerable excitement.] They'll never be cooperative, and I demand that these two men [pointing to Aaron Kastanian and Vito Albani] be fired for their unruliness.

Arbitrator: Is that one of your demands?

Leo Bartolo (m): Absolutely.

Santo (ù) [after a pause]: There is something else here that is causing the trouble. I have 12 tickets here. [To Leo Bartolo.] You ought to explain for your side why you are against the week-work proposition; why they want a certain amount and you don't want to give it to them. Then about plaids . . .

Arbitrator: May I interrupt? What are these 12 tickets you have?

Angelo Bartolo (m) [speaking rapidly]: They are specifications for the cutting. [Condescendingly.] We have teams of three in our cutting department. One lays, one marks, and one cuts. Most of them know only the one job they do. They are not very skilled mechanics. We started to study it through with them. Finally, we saw that not one cutter was able to take care of these plaids properly. What they did with the plaids was terrible. It was more of—what shall I say?—a mess than anything else. We couldn't do anything with them except use them for seconds.

Arbitrator: Is it your contention that the work was spoiled and therefore you didn't pay them?

Angelo Bartolo (m): Not for that reason. We had had a lot of trouble. I said that we would fix a price that would be the same and would last and not make a new price every day. We were paying them 66 cents and I went

up to 77 cents; that is a raise of 11 cents. What other concern would do this? The markers were also raised so that there would be no argument. We didn't have to pay them that. There's nothing in the agreement to say that we should. There was a loss of time and they didn't deliver me a perfect garment, and that's why we wouldn't pay them.

In order to eliminate discussions, when the plaids came in I took these three markers, the most intelligent of the group, and put them on week-work, so that we would not have to arrange about prices any more. Since then the production has dropped way down.

Leo Bartolo (m) [very emphatically]: You see, we signed this contract in order to eliminate disputes and discussions; but what good has it done?

Santo (u): The agreement says that there should be no change in the prices during the middle of the season. But at the beginning of each season either you or the men can ask for a change.

Leo Bartolo (m): What we had in mind was that when the contract was signed, if there was any difference in the work, it could be put through without measuring it within a sixteenth of an inch. That's why we signed the contract. We were paying the markers 66 cents, and by signing the contract we increased it so that matters would be simplified. During the last 6 months, they have averaged $1.26 per hour.

Arbitrator: Mr. Bartolo, I don't get your point about the falling off of production since you put them on the hourly rate. Why has there been this falling off, if there is no reduction in the volume of work?

Angelo Bartolo (m) [rising and speaking rapidly]: The markers force us to put them back on piecework. [With disgust.] They not only want to ruin us, but all the cutters too, because they won't mark. We want them to act like gentlemen. If they have a complaint, all right. But will they wait for Mr. Pacetti to come and straighten it out? No. They pile up mistakes. I don't know whether it is intentional or unintentional, but they have made more mistakes in the last 3 weeks than in all the time they have been here.

Leo Bartolo (m): A week ago the foreman himself came to me and asked me to put them back on piecework.

Schwartz (m) [rising slowly to speak]: I suggested that to avoid arguments.

Santo (u): What's the matter with piecework?

Leo Bartolo (m): They don't really want to go on piecework. They don't know what they really want. The $1.25 rate was reached on the basis of working in an emergency.

Santo (u): In connection with this question of 77 cents as against 66 cents, remember that the agreement was based on all models, sport and plain. In the question of the plaids and matching the collars, their earnings were affected, and they lost a lot of money because they were losing time.

Albani (u): It took twice as much time to work on the plaids because we have to match the lines on collars and backs.

Santo (u): How much did you make last week?

Albani (u): About $28, and I usually make from $55 to $58.

Kastanian (u) [he speaks slowly with the air of a teacher explaining something]: We had two models, the sport and the plain. The price for the sport was 84 cents and the price for the plain was 66 cents. We also had a lot of extra things which were almost like sport models. We told the firm that we ought to be paid a price between the sport and the plain. All that season we had discussions. We took a licking. We couldn't get together on the rate. Finally, we decided on 77 cents.

Arbitrator: How about the time you went out on strike—to which Mr. Bartolo referred?

Kastanian (u): You want to know about that? Well, in 1937, the general office in New York asked all the manufacturers to raise the wages 12%. On June 15 of that year we were to get our raise. The firm said that the cutters didn't deserve a raise. We weren't going to get it. At the time we weren't working and we had negotiations with the firm through our business agent. Meantime the season was over. There were a few weeks of discussion. We finally got together and received an 8% raise. Then we went back to work.

Four weeks ago, we went to Santo's office about the plaids. We were there from 12:30 to 1:30. We were only a half-hour late in coming back and we planned to work overtime and make it up. When we got back they told us "to get the hell out."

A week ago, Mr. Pacetti didn't come around in the morning, so we went to see Mr. Santo in his office. We were an hour late that day. When we came in, Mr. Bartolo told us to go away. We put on our coats and told our representatives from the union that we had been thrown out. Mr. Pacetti asked them when we should be allowed to come back, and they said not at all. We were out three days.

Arbitrator: I understand that according to the agreement, you are not to go to the union office during working hours.

Schwartz (m): I told them that they couldn't stay out without permission.

Albani (u) [to Schwartz]: I gave you the reason why we were out, didn't I? Could I say a few words please? [He rises.] Two weeks ago we went to see Mr. Santo. We intended to make up the time, but they sent us away. [Walking forward angrily.] But I want to get back to the first point that Mr. Bartolo made. He calls us gangsters.

Arbitrator: He didn't mean that.

Albani (u) [raising his voice]: Am I a gangster if I fight for my rights? Am I a gangster if I want extra money when I do extra work?

Santo (u): We know that you're not a gangster.

Albani (u): I have a wife and a child to support. Last week I wasn't paid because I made a mistake.

Arbitrator: Was it the mistake on plaids?

Albani (u): No, on gabardines. Not so long ago our foreman made a mistake on pants. My cutter caught it. If he hadn't caught it, I would have been blamed for the mistake because my signature was on it. My signature was on these gabardines, too, but I didn't do it.

Arbitrator: How does that happen?

Albani (u): We were discharged and were out for 3 days and someone else marked my cloth. I'd like you to see this mistake. [The suit is brought in with the ticket describing the work to be done. Another marker, Don Piano, says that it was his signature and not Albani's. Angelo Bartolo says that it was marked with a ticket that says size 42 but that it was really a 39.]

Piano (u) [who claimed that the mistake was on his cloth]: After my signature was on it someone else may have marked it.

Albani (u): Yesterday my foreman marked the sizes for me. There was no size on a couple of pieces. Should there be anything wrong, I would be to blame.

Angelo Bartolo (m) [showing disgust]: None of these fellows knows what's going on.

Arbitrator: We seem to be getting more and more involved.

Battista (u): Could I explain something to you, Mr. Colton? We cutters haven't been working much and we wanted to do a few singles.[1] While we were loafing they gave the singles to the layers. I loaf three-quarters of a day and they give my work to the layers. We couldn't see Mr. Pacetti until the next Monday so we went to see Frank Santo. When we came back we wanted to make the time up, but we were thrown out.

Schwartz (m) [after several unsuccessful efforts to cut in]: The suits that this man refers to as singles are custom-made suits and not the regular jobs.

Battista (u): In the first place, I disagree with you; and besides you were just being spiteful when you gave those jobs to the layers. This is a spiteful place.

Leo Bartolo (m) [speaking very rapidly]: These men all learned the trade from me. I taught them all they know about it. [Pointing to Piano.] This man knew nothing when he came here. [Pointing to Albani.] He couldn't hold a piece of chalk when I took him in. Aaron [Kastanian] was the only man who knew a little something when I hired him.

Albani (u) [interrupting]: I beg your pardon. I worked in three places before coming here.

Arbitrator: Please talk one at a time.

Battista (u): We don't begrudge the layers' learning how to cut. It's only when we don't have any work, we don't want them to take it away from us.

Angelo Bartolo (m): He's right that he hasn't any work, but ask him why. [He stands up and points dramatically at Battista.]

Leo Bartolo (m): Let me say that the reason why we have had to separate the cutting department was because these gentlemen refused to cut singles and specials. Isn't that right, Bonanno?

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[1] One of the cutting tables was devoted entirely to "singles," the term used to designate custom jobs and special orders for a very few suits. Minzio Bonanno operated this table with his son, Bonanno performing all three operations of the usual team—laying, marking, and cutting—while teaching his son, who assisted him. It is customary to afford layers occasional opportunities to make "singles" as a method of training in marking and cutting.

Bonanno (u): Well, yes, somewhat.

Leo Bartolo (m): We were forced to establish a department for specials. [To Albani, and speaking very slowly.] You know in your heart that it is the cutters that do the really hard work. The markers have a leisurely job. Even if they did have extra work from the plaids, they have plenty of time to do it in and still not lose any money. We even told them that we would reimburse them for any financial loss they had. [There are signs of resentment at these remarks and Santo cuts in.]

Santo (u): Just let me say a few words. We didn't have any agreement until a year ago. Before I entered the picture about 5½ years ago, we used to have a strike here every 3 weeks, even though they didn't belong to the union. The cutters were the most peaceful group then, though. Well, I did a lot of missionary work among the men and we have achieved certain things in the last 3 years. There was a general increase in wages of 12% in the industry. We settled it here for 8%. I was after the firm to sign this agreement for a long time. I must say to their honor that they never refused, but we just never got together. Pacetti told me about a lot of trouble with the cutters lately, but I thought it best not to pay too much attention to them. Finally, in June, 1939, they asked to have this question of the cutters arbitrated. I came here and said that they were entitled to an increase. Also, there was the question of the markers. They finally arrived at the uniform rate of 77 cents, and we signed an agreement. The understanding was that all the models were to be the same price.

At that time, the question of matching the plaids was never made an issue. It was always a question of models. The hourly rate arrived at was based on the average earnings as shown in the company books.

Behind all the complaints made here today are troubles someone must have started. We don't excuse our members if they do wrong, but they are entitled to fight for their rights, and you can't call them gangsters for that. Everyone wants to make a profit at what they are doing and we don't blame them. But the only profit they can make is at their work.

The agreement says, Section 9:

> This agreement provides for an orderly adjustment of differences and there is no provocation for direct action. Strikes, stoppages, and lockouts are therefore prohibited during the life of this agreement. If, however, a stoppage shall occur, the union shall immediately order the people to return to work and in the event of any or all of them failing to do so immediately, they shall by such action, and of their own free will, have given up their jobs without recourse.

No one can break this agreement. If they stop, we tell them to go back. They come to the office and it may take hours to convince them to go back, or I may not be there when they arrive, and all that takes time. If we cannot convince them, then we take it to arbitration. If they do not abide by the decision, they lose their jobs. But when they do come back late, after being to my office, or come back the next day, there should be no grievances and no discharges. If they did lose an hour, you [to Bartolo brothers] should have told them in a nice way to work overtime and make it up. But

why did you stop all of the men? If two did wrong, there is no reason to stop them all from working.

There is a human element to consider here. I think the lack of tact used here has antagonized these fellows. He [pointing to Albani] is fundamentally a good kid, but you haven't handled him right. This mistake [indicating the suit on the table] is bad; but is it just a human mistake, or is it done in spite? If it is just human, you just have to try to see that it isn't done again. If not, well, the union doesn't stand for sabotage. But let's pin the responsibility down to the person who is to blame, and not blame them all for it.

Schwartz (m) [getting up and speaking with formality]: I would suggest that if you could agree to put a man on to do plaids, singles, and specials, and put them back on piecework, it would work out all right.

Santo (u): We can't have a solution that is based on victory for either side. That only leads to bitterness. They feel that since they can average $1.60 an hour on piecework, why should they go on week-work at $1.25 an hour. If you could arrange to have a person do the extra work, that would solve the problem. [Leo Bartolo starts to interrupt, but Santo continues to speak.] If you insist on week-work, they have certain rights to demand certain hourly rates. If there is harmony here, they will produce more. [Several other individuals now begin to argue out loud; Santo turns to Leo Bartolo and continues speaking.] You yourself have said that.

Arbitrator [after bringing the hearing to order]: I can see we have not only to solve this immediate dispute but to create a very different spirit here. After all, it's you here in the firm—management and workers—who have to live together.

Leo Bartolo (m): I have no solution, but I do want to say this. I don't want to treat this meeting as if it were a courtroom. This is no litigation such as you have in a court. I treat it from the moral side. Mr. Santo made a wonderful speech, but that technical way isn't the way I look at it. This affair has been going on for a long time. That is why we signed a contract. Take the question of plaids, for instance. The contract doesn't specifically say plaids, but that is in the spirit of the agreement. A year and a half ago, when there was trouble, we had a peaceful discussion and wages were increased just to smooth things over. Now, that $1.60 an hour, once averaged on piece rates, should be completely disregarded. This is money they found. It was as if I went down the street and found a pocketbook.

Arbitrator: Some of them say that they came down to 77 cents. They don't describe the 77-cent rate as an increase.

Albani (u): I was getting 98 cents.

Leo Bartolo (m): We didn't consider the plaids at that time. They should never have made $1.60 an hour. We have to teach them all they do. We are paying them while they go to school. If one of them is out we have sometimes to spend hundreds of dollars and import a man from New York. We have no fullfledged cutters. We have only helpers. We invest money while they learn. A dollar twenty-five is a very high price. The other 400

workers in the factory don't make this. Besides these cutters work about 46 or 48 weeks a year, which no other workers in the shop enjoy.

Santo (u): How much do the pressers make?

Angeo Bartolo (m): They make about $45 a week, but they only have a few weeks' work. There is plenty of work for the cutters and markers, but two weeks in a row they defied us and stayed out.

Santo (u): How about the suggestion of putting on a man for extras and specials?

Leo Bartolo (m): If I'm waiting for plaids, I can't wait until that particular unit can do it. All of them have to do it or I can't deliver my work. I want my cutting department to be capable of the work that they have to do.

Santo (u): How much do you think they ought to be paid by the hour?

Leo Bartolo (m): I can't say anything; the contract says $1.25. I'd like to pay $1.

Albani (u): A dollar twenty-five is the rate only for regulars. When you have patch pockets, that means extra work. You have to combine the pieces and there is recutting.

Santo (u): Does that rate give you about $45 weekly?

Albani (u): I can average $58 to $60 a week on piecework.

Santo (u): If you were put on week-work, what do you think you ought to get?

Albani (u): Fifty-five dollars a week.

Arbitrator: How much is that an hour?

Santo (u): About $1.50.

Angelo Bartolo (m): The only way of pleasing them is to give them some more money. That's always what they want.

Leo Bartolo (m): To talk of an increase is out of the question.

Albani (u): You didn't give me an increase. I gave you money. I was making 98 cents and I came down to 77 cents.

[Several people talk at the same time here, and the arbitrator is again forced to call the hearing to order.]

Arbitrator: Again I am going to remind you that you all have to live together here. You can't get on with all this bitterness. I want you to help yourselves.

Leo Bartolo (m): We would like to do this, but we've always failed. [To Schwartz, the foreman.] How long have you been with me? [Turns to the arbitrator without waiting for an answer.] He has been a foreman for a year and a half. There is nothing he can do with them and nothing I can do. I give up. [He throws up his hands.]

Battista (u): What happened to the last foreman? We got along all right with him. Everything was peaceful then.

Leo Bartolo (m): You ought to be ashamed to bring that up at all. That foreman was a fellow that I'm ashamed I ever hired. [To Battista.] And you liked him. [Disgusted, he walks to the other side of the room.]

Arbitrator: Why *did* you hire him?

Leo Bartolo (m): I thought I could do something with him—teach him something. [A little sarcastically.] I had to teach all the rest of them.

Schwartz (m): He said that when the other foreman was here they had peace! Why the whole bin was full of ends of cloth that were wasted.

Battista (u) [to Schwartz]: The firm lost more money since you have been here than in all the time the other foreman was here, my good man.

Albani (u) [to Schwartz, angrily]: What about the mistake you made on the pants last week? Didn't you make a mistake?

Schwartz (m): Yes.

Albani (u): Do they know about that? No.

Arbitrator: This place needs more order and discipline. That's no way to talk to the management and the foreman. [To Santo.] They are insolent.

Santo (u) [smiling]: We look as if we were going to tear each other apart, but we don't mean anything by it. [He laughs.]

Arbitrator: Well, it is they and not we who have to work together.

Santo (u): I have done everything I could. You'll have to arrive at a decision that will help the situation.

Arbitrator: Even when I make a decision that doesn't really settle anything finally. The decision has to be carried out here in the factory. [To Bartolo.] You have a good reputation in the market. But you need goodwill to work together here.

Santo (u) [to the workers]: When this case is disposed of, we'll have to establish strict discipline. If we expect the firm to respect our rights, we have to respect them. [To Leo Bartolo.] The cutters want to be put on week-work as well as the markers, because when the markers have extra work to do, the cutters don't get enough to keep them busy.

Angelo Bartolo (m): We are willing to put all the necessary markers on to supply the cutters. We want to settle this, and we have already lost so many hours in discussion! We put them on week-work without hurting them financially. We don't want to take money from them. If the markers can't keep the cutters busy, we'll supply extra markers.

Leo Bartolo (m): I am willing to do anything that you decide, Mr. Colton, but these two men [pointing to Kastanian and Albani] must be fired. If this were done, we could overload our cutters with work by putting two other markers in their place. They should go out for the benefit of 400 of us. [Angelo Bartolo repeats the demand. Leo Bartolo continues, speaking slowly.] If the decision is against us, then I would ask the privilege of having those two men out for three weeks; I would pay their wages. I'll put markers in their places and they will have more work than they can do, and all of them will make more money. We would like to demonstrate that this can be done.

Kastanian (u) [speaking slowly and bitterly]: It looks as though when you get what you want from someone, the man is good; when you don't, he is bad. [To Angelo Bartolo.] You told me that I was a good marker once. Now it works the other way. Just because I want to take care of myself, I'm no good. Why is that? [To Leo Bartolo.] You're just like a racketeer.

Leo Bartolo (m) [to Kastanian]: It's 3 years since I wanted you to get out.

Dekran (u) [after asking permission to speak]: Mr. Colton, I just want to say this: If these two men are fired, the rest of us seven won't want to work here.

Arbitrator: That's not fair. You're trying to influence me.

Santo (u) [to Dekran]: You're just a jackass, but you insist on talking.

Arbitrator: You are trying to influence my decision. I don't expect threats from either side. Don't you see that you're trying to influence me and tell me that if the decision is against these two men, you'll walk out? That's not fair.

Dekran (u): I'm sorry I said it.

Arbitrator: That's all right, then. I'll have to think things over before making my decision. Meanwhile, I hope that a more amicable spirit may develop here.

Arbitrator's Memorandum of an Interview with the Manager of the Union's Joint Board

I expressed my surprise to Bauer over what I found at Bartolo's. I told him that his statement of the case had prepared me only for a routine dispute over wages. Instead I had been plunged into a highly surcharged atmosphere of tense hostility. The hearing lasted for about 4 hours, and practically every minute of it reflected a turbulent emotional situation in the plant. I asked him how he accounted for it. Here is the gist of his answer:

Perhaps I should have warned you, but I did think we might be able to go along on the issue of wages for the cutters—or whatever the issue might be as the disputes come up—while we try to straighten out the deeper troubles there. It is true that there is bad feeling between the management and the workers; I need hardly admit that to you now.

Perhaps we did too good a job in organizing those fellows at Bartolo's. We had had difficulty for years in getting them interested in joining the union. Bartolo Brothers opposed our efforts very strenuously and did everything possible to nullify our organizing campaigns. We even suspect them of having resorted to espionage. Obviously, too, when they established their plant in Hamilton, instead of Capitol City, they were trying to get away from union jurisdiction and union influence. Therefore, prior to signing the agreement, in order to organize those workers we did everything possible to stir up bitterness toward Bartolo Brothers. We succeeded and got them all in the humor, so that the company had no alternative but to sign an agreement.

But it has been difficult since signing the agreement to get the men to quiet down. There has been a carry-over from the organizing campaigns. Of course, you know that is nothing unusual in tough fights like this one had to be. You take such a long hard struggle, you take the company finally forced to give in, and the men are always going to strut about and feel their oats for awhile. It's at that point usually that the union has to step in, establish discipline, and show their new members the difference between the fight they've been through and day-to-day collective relationships.

Well, we've had a problem there because we've been facing the job of training a new local leadership, too, at the same time. As you know, our union is interested in cooperating with management so that a plant can run efficiently. We would like to do that at Bartolo Brothers also, but I must admit we have not succeeded thus far in getting the men into the frame of mind necessary for cooperation. I should tell you, too, that we have had some difficulty with the men themselves over a period of years. Even after we got them higher wages and better working conditions, they were reluctant to pay union dues. From time to time we have questioned their loyalty to the union. We have not always been sure whether some of them have been with us or with the management.

Discussion Questions

1. How would you define the issue brought to arbitration by the parties in this proceeding?

2. Describe the technical problems of rate setting presented by the dispute. What factors, by the testimony of the parties, enter into the whole problem of rate setting in the cutting room?

3. What indices do the speakers give of deeper disturbances in the cutting room?

4. What clues can you mobilize from this part of the record toward explaining the sources of the hostilities in the cutting room?

5. How would you evaluate the men whom you would designate as leaders on the (*a*) management side; and on the (*b*) union side by the behavior at this proceeding?

6. Does the arbitrator obtain any clues regarding possible bench cliques in the cutting room; if so, who of these people would you plan to "follow up" in tracing such an influence?

7. If you were arbitrator, what possible decisions would you weigh for disposing of this case before you?

BARTOLO BROTHERS (B)

"THE SEVEN"

The arbitrator assigned two field workers to interview management, employees, and union representatives.

Interviewing, begun thus after the hearing in mid-April, 1940, continued through the summer of that year. When a second wage dispute arose in the cutting room in July, its issues were assimilated into the "leads" by which the interviewers approached workers and management. But by that time they had also established relations of confidence and friendliness.

This section of the case presents excerpts from their interviews after the hearing of April 18 until July 9. While these interviews were progressing, and the arbitrator had not yet rendered his decision in the first case, Aaron Kastanian was discharged by the management. The arbitrator ordered his reinstatement, pending settlement of the case, the conditions of which, he pointed out, could not be altered during arbitration.

From an Interview with Leo Bartolo in His Office

Bartolo: I'm glad you came down for I want you to see what this situation really is. It is a terrible situation and our whole business is at stake. [He pauses somewhat dramatically.] I will tell you this seriously. We have decided to close our business unless you can do something for us.

We built up this business ourselves, and I believe this—we are good em-

ployers. [He pauses, then with great emphasis.] We are too good. Ask the priest, ask the storekeepers what the Bartolos have done for Hamilton. Ask the mothers of these girls who work here. This trouble comes from only a few men. We are in their hands. Everyone knows they have us where they want us.

Let me tell you this. The only power the employer has is to discharge a man. Now where is it? Do you remember that boy [Dekran] who spoke up in the meeting and said, "All seven of us will go"? [With great emphasis.] It would be a pleasure to me if they would all seven go. I have not asked for that; I have only asked for two to go. If we cannot discharge these two men, we are *through.*

Interviewer: Who is the seventh; there were only six from the cutting room at the hearing, weren't there?

Bartolo: That's right. But Johnny Salvatore is in with them.

Interviewer: Is the whole shop unionized?

Bartolo: Yes, except for the office force. The rest are all against these men in the cutting room. They are against them; but do they dare say anything at the union meeting? No! These men are like racketeers, like fellows who hold you up with a gun.

Interviewer: Have you talked with the union representatives since the meeting?

Bartolo: Let me tell you this. Santo knows nothing about the details of this business. He is never here. Pacetti, he is all right, but he hasn't got the punch, if you know what I mean. And let me tell you this, too. The laws of this country will have to be changed. We cannot go on this way. We're about through.

Interviewer [after commenting that the rapid growth of Bartolo Brothers despite all these difficulties was very interesting]: How did you start in the business?

Bartolo: I have had a very full career. When I was first a designer in New York, I worked day and night. Just before the war [*i.e.,* World War I] we had a merchant tailor establishment on Fifth Avenue, Angelo and I. We catered to rich people and used to charge $150 for a single suit. When the war came, I could obtain no imported material; I could not have made a suit for $200. I got out of the business and went to Philadelphia as a foreman.

Interviewer: Were you a designer there?

Bartolo [with emphasis]: I have been a designer everywhere. I opened my own shop in Stowbridge in 1927.

Interviewer: I understand that you had stoppages while you were in Stowbridge, and were able to hang on for only a year.

Bartolo: I never knew who was going to hit me first. We lost everything there. The trouble with a union is that we cannot break a contract, but they can. Of course, they can always say that they don't really break it. They can say to the men, "You were wrong. You must go back." But it is always at our expense.

Interviewer: How did the union get in here the first time? How did they get to all your people?

Bartolo: A great many of these people are related. If they get eight or ten families, they have them all.

Interviewer: I believe you said you got rid of the [regional] connection and tied up with New York.

Bartolo: That's right. I saw Mr. Hillman about that and Marconi too. They promised that we need have nothing to do with the regional office. But what did that promise mean? Nothing! My cutters went to this fellow McCarthy [in the regional office] and received advice from him. I believe that they still go there. There is no other way to explain the way they're acting, and I have no doubt [with considerable excitement] that someone in this place is receiving money to make trouble.

From an Interview with Arthur Schwartz, Foreman of the Cutting Room

Interviewer [after preliminary exchange]: Schwartz is not an Italian or Armenian name like most of them here, is it?

Schwartz: No. I am German. I am the only "white man" around here, as they say. I know they have no use for me; but listen [slapping his knee], that don't bother me at all. I never saw such a bunch as they have around here. I never saw such lack of intelligence. They don't know right from wrong. I never saw such disrespect and such disregard for everything. They are all members of the Amalgamated Clothing Workers, and all they think of is "the Amalgamated will fix it up for us."

Interviewer: Have you always had trouble with them?

Schwartz: When I started I tried to put them on my side and show them my way of working. I thought I could win them over by fairness, but their aim is to destroy me as a foreman. The Bartolos are looking for unity, but these seven men are against the company. Johnny [Salvatore] is not so bad; he is being led on. That man Aaron [Kastanian] is terrible. They were going to fire him for calling me a rat. Often I have overlooked things they have done. Those markers are working on time now, and you would expect a fair day's work. Once I spoke to Aaron for sitting around and told him I would have to report him. "Go ahead," he says to me. "Go ahead," he says, just like that.

Interviewer: How long has this trouble been going on?

Schwartz: I came here a little more than a year ago. About that time the company was going to move from Hamilton, on account of these men. Mr. Bartolo even had sent away some of the machinery to Parkville. But Santo came in—he's quite a fellow, you know—and fixed things up.

Interviewer: Were you in the clothing business before you came here?

Schwartz: I was a tailor at one time and then I had a good job in an insurance company. But I was sick for a couple of years and had to quit. Then I came here. The Bartolos have always treated me nice. In fact, they have treated everybody nice.

FROM AN INTERVIEW WITH AARON KASTANIAN

Interviewer [after exchanging a few remarks about the hearing]: How long have you worked here?

Kastanian [smiling and speaking very quietly]: I've worked here ten years. I used to work with the Belmont Company at Capitol City and came here when Leo started in. I taught Leo a lot about this business. When I first came here, he told me I could stay right along. I had asked him because I wanted to move my wife and mother to Hamilton.

Interviewer: How long has the trouble been going on?

Kastanian: Everything went smoothy for 7 years, and Leo and I used to get on fine. When he was in trouble he asked me what to do. Then when the wage cuts came in the depression—first 20%, then 10%—I took them with the others. I didn't say anything and that was all right.

Interviewer: Then this dispute goes back 3 years?

Kastanian: Yes, that's right. You see he's always trying to get something for nothing. It's always a dispute about rates. Now 2 months ago they brought in those plaids; and, as they are much more work, we expected to get more pay for them. We spoke to Pacetti about it and he said, "That's all right. The boss will fix that." We say to him, "We know him better than you. He always wants more work for the same money." We figure out he pays us one-third less than Belmont in Capitol City for the same work.

Interviewer: There's been some trouble with the foremen too, hasn't there? How long has that been going on?

Kastanian [as if he was trying to explain something which puzzled him]: All these years he never had a foreman. When he wanted something done he would ask me, and after we broke up he ran the floor himself. Then he tried his brother-in-law, but that didn't work at all.

Interviewer: There was another foreman who was on the job before Mr. Schwartz, wasn't there?

Kastanian: Yes. He was a good foreman. He was not a stool pigeon for the boss. He was—you know what I mean—a good diplomat. Then Leo took him out. I don't know why.

Interviewer: Did Schwartz come from another place?

Kastanian: Schwartz was a marker here; and when Leo put him in, he called me personally and said, "We will try him. If he is no good, we will put him back on the bench." Now this man, Schwartz, is a dictator.

FROM AN INTERVIEW WITH GUIDO BATTISTA AND JOSEPH ADALIAN

Interviewer: I wonder if you could tell me anything about this situation.

Battista [smiling]: Things went all right until he [Leo Bartolo] began to call us names. Just because he is the boss, he can't call me names.

Interviewer: I suppose this was in 1937.

Battista: That is right. It was when the Amalgamated got us the general raise of 8%.

Interviewer: Is Pacetti running all your union business now? I notice he didn't say anything at the hearing.

Battista: He is business agent, but Santo is there too. Everyone talked at once at the hearing, and they confused Mr. Colton. That hearing was bad; there was a lot of feelings and you got mixed up. [He smiles and shrugs his shoulders.] We should have made our points one by one. Here's a letter I want to show you. [At this point Joseph Adalian comes in and sits down on the table.]

Adalian: You see, I have no work now; I am "loafing," as they say. Do you mind if I stay here? There is nothing to do down on the floor.

Interviewer: Of course not. [To Guido.] You were going to show me a letter.

Battista: We got this letter from Mr. Colton, but we couldn't understand this. [He reads.] "There will of course always be honest differences between various groups." What does that mean?

Interviewer [after reading the letter]: I think he means that different groups will always have differences of opinion that are partly justified.

Adalian: Is that what he means? We couldn't figure it out.

Interviewer: Did you write to Mr. Colton?

Battista: Yes, we wrote him a letter. We wanted him to know what we were asking for.

Adalian: You know, the four points about which we've all been telling you.

Interviewer: We might as well straighten out these four points. It is easy to get this sort of thing mixed up when you come in from the outside. As I remember it the first one was this: the cutters want a limit on the height of the lay.

Adalian: That's right. They want to protect their weekly earnings.

Interviewer: The second point you want is all week-work or all piecework for cutters and markers.

Battista: Just now the markers are on week-work. That happened when the plaids came in. You see the plaids had to be cut twice and marked twice to match the stripe. The markers do the extra cut now, but that means they take more time and there is less work for us. Also, the second cut is harder to do.

Interviewer: The third point had something to do with the new worker who came up from New York?

Battista: We don't want an extra cutter here when we haven't enough work for ourselves. If there was work for him we would not mind, but we have a right to have work.

Interviewer: What was the fourth point?

Battista: There should be no cutting given to anyone except us four cutters unless we are busy.

Adalian [interrupting]: That point is very important.

Battista: One day the foreman said, "There is no work for you," but he had just given some cutting to a boy who knows nothing at all.

Interviewer: I think these four points are clear enough.

Battista: Another thing—we want to be paid for the time we lost when we were out from Wednesday through Friday. That is 16 hours.

Adalian: Well, I will have to stop loafing now. [Goes out.]

Interviewer [to Battista]: You have been around here a long time, haven't you?

Battista: Seven years.

Interviewer: Are you married?

Battista [smiling broadly]: Yes, I have a boy of 3. Joe Adalian, he has three children.

Interviewer: How long have you been married?

Battista: Only 4 years. Ever since I have been married, there has always been some trouble with the boss. I never come home and feel peaceful.

FROM AN INTERVIEW WITH VITO ALBANI

Albani: Everything was harmonious until 3 years ago. It was then that he started to call us gangsters. Now when that business about the plaids came up, he didn't have a leg to stand on. Angelo Bartolo said to Leo, "What's the use of arbitrating that? You know it's more work." Pacetti heard him say that. Of course, I can't blame the foreman or Bonanno for being on the boss' side; they are obligated. But this foreman they have now, he don't know much. I can teach him plenty. He is no foreman, [with emphasis] not to me. I used to go into Capitol City to get advice from the union people there. One day he come up to my house and said, "Don't have anything to do with those Capitol City people; they will ruin you," he says. Right in front of my wife, he says that. Look, here, we are the only people keeping up the spirit of the union here, and without the union his place would be a sweatshop. Leo'd like to get cutters to work for $20 a week. Last year he approached a kid of 19 or 20 and wanted to make him a cutter at that price. What do you think of that, a cutter making $20 a week!

Interviewer: How much are you fellows making now?

Albani: The markers are on week-work now and make $45 for a full week's work. Week-work is all right if it don't affect your pay, but I could make $55 now. You see he has been experimenting on my time. When the plaids came up, he experimented to see how much time it took. I only made $28 that week, though I told Pacetti I had $15 more coming to me. Pacetti fixed it up with Bartolo to give us all a loan of $15. Then the day we were all fired he took the $15 out of our pay.

Interviewer: What happened when you were discharged?

Albani: We went to Santo's office at lunch time to see about a complaint. He wasn't there but Pacetti says, "Santo will take care of you fellows." When we came back he [Leo Bartolo] did not give us a chance to take off our coats. He just pushed us out.

Interviewer: What was the dispute about?

Albani: A layer was given some of the cutters' work. It should be understood that a layer's job is a layer's job. [He pauses.]

Interviewer: A foreman's job must be pretty difficult around here just now.

Albani: They might have had a good foreman. Now Bonanno was our advisor before he became foreman. After he was a foreman, he became a blank. You know there is such a thing as not favoring either side; but if there is anyone who is not good, it is this present foreman. He has no right to talk the way he does. I don't blame him for taking the firm's side, but he plays favorites. He is favoring one of the layers now. You know, in this shop there is a stool pigeon wherever you turn. He [Leo Bartolo] has got his relatives everywhere, and to him we are just racketeers.

FROM AN INTERVIEW WITH EDWARD DEKRAN AND JOHN SALVATORE

Dekran: I've been here 4 years. When we fellows first came in we didn't know much. Aaron [Kastanian] was promised that as the shop grew he would grow too. We always did favors for him [Leo Bartolo], but now we are disgusted. He always claims sabotage and tries to set the others against us. Whenever there's any holdup in the factory he tells them, "Go home. The cutters aren't working. There's nothing for you."

Interviewer: Tell me some more about Aaron. What was he promised?

Dekran: Aaron taught Leo all he knows about cutting, and he sometimes worked as low as $25 a week to help out. Of course, most of us learned our jobs here. I want to tell you another thing. He wants to make a rate difference between markers and cutters just to make us enemies.

Interviewer: The rate setup is pretty complicated for an outsider to understand. I should think your union representative, Pacetti, could take care of that.

Dekran: It's complicated and I don't think Pacetti even understands it. He was never a cutter. You see, we realize that we have a very shrewd man against us; and we have all we can do to fight for our rights.

Interviewer: Are you married? As I remember it, all the other fellows in your crowd are.

Dekran: No, but that doesn't mean I have no one to support. We used to have money when my father ran a store, but he lost it all. My brother and sister have jobs on and off, but most of the time what I earn here is our only support.

Interviewer: How does the union handle things in this shop?

Dekran: The union came in a few years ago. At first the people didn't want it because they thought it meant trouble; then I suppose the Bartolos decided that they needed the label and let the union in. Most of the workers are not really behind it the way we are. We are the only real union people in this shop.

Interviewer: Most of them are women, aren't they?

Dekran: Yes, and a lot of them are against us because they believe what he [Leo Bartolo] tells them. Whenever there is any trouble he just says, "Oh, the cutters are at it again." A lot of them are related, so they are pretty dependent upon this shop; and he can scare them by threatening to

move. He tells them we're bandits, but it stands to reason that we didn't become bandits overnight after being good boys for so long.

Salvatore [coming into room]: You don't mind if I join you?

Interviewer: Not at all. Sit down. You're a cutter, aren't you?

Salvatore: Yes, for the last three seasons. I began as a trimmer. Now I have specials and the odds and ends. I don't work with a team, you know.

Interviewer: You've been here quite a while?

Salvatore: 10 years.

Interviewer: How did you fellows manage to get along with the boss in the beginning?

Salvatore: We were all learners or teacher's pets. Aaron was a teacher's pet in those days. We weren't sticking together then. He [Leo Bartolo] don't like the idea of our sticking together. Sometimes he tells me not to bother with those other fellows. Do you know that Leo Bartolo even went to see my mother once and told her how bad I was? She believed him and bawled me out.

Dekran: Every season he scares them by telling them he'll have to move the shop, but the firm makes plenty of money. [With disgust.] They go up and we go down; that's the way it is.

Salvatore [as they leave]: You might talk with some of the pressers. They are men; the women will just give his story.

From an Interview with Don Piano, Guido Battista, and Joseph Adalian

Piano: You've heard most of this from the others, but I want just to tell you why this foreman has it in for us. About a year ago, on May 1—that's a union holiday, you know—he and three or four others worked all day. I was on the executive committee and we fined them all $10. Ever since then he claimed he would get even. Now we just have to carry out his dictates.

Battista: Why, you can't do anything with that fellow. He has introduced rules we've never heard of on the floor. He told me once he could fire me if I whistled. Another time he told me, "Better stay away from those other fellows in the union."

Interviewer: I'm a little puzzled about just how the union works in this shop.

Adalian and Piano [together, with considerable emphasis]: So are we.

Interviewer: I would like to talk to Pacetti.

Battista: You know we really don't want Pacetti here.

A Second Conversation with Aaron Kastanian in the Cutting Room

Kastanian: I see you talk to people who have nothing to do with this case. Why do you do that?

Interviewer: We wanted to get all the information we could.

Kastanian: That fellow you talked to in the sponging room [a "sponger" named Mario Colombo], I think he double-crossed me the other day.

Interviewer [showing surprise]: Is that so? He told me he got along

well with the cutters as far as work is concerned; but he feels he hasn't made many friends yet since he moved to Hamilton from New York.

Kastanian: Well, that's good. Of course, we never have anything to do with those fellows. That cutter, Dennis, who came up from New York when we were out, is a friend of Colombo's. I think Colombo told Leo about Dennis. We never have spoken a word to Dennis since he came. But I still don't think you have to see those fellows; they have nothing to do with our case.

FROM A SECOND INTERVIEW WITH JOSEPH ADALIAN AND VITO ALBANI

Adalian: It's lucky you came out. Do you know what they've done? They've fired Aaron [Kastanian].

Interviewer: That complicates things. What was wrong?

Adalian: Vito [Albani] can tell you better than I can.

Albani [with considerable excitement]: Why, he wasn't doing anything. They just fired him. All he did was to go upstairs to the men's room. You see what kind of a place this is? They say he was loafing. Around here they always think you are loafing.

FROM A SECOND INTERVIEW WITH ARTHUR SCHWARTZ, FOREMAN

Schwartz: I kept warning these fellows, but it didn't do any good. The other day Don [Piano] and Guido [Battista] came in late. I told them they couldn't do that sort of thing, but they don't appreciate anything. Now Aaron [Kastanian] spends a lot of time talking. Whenever he gets a chance he goes over to someone else's bench and starts to talk. Vito always stays at his bench. He may not get anything done, but at least he always stays there.

I couldn't go on this way any longer. I never saw such insolence. Of course, I don't mind what they say about me; and I don't hold it against them personally. I just treat those fellows like tables or chairs, and I don't mean to be unfair to them for what they say about me.

Interviewer: What had Aaron been doing when you fired him?

Schwartz: He left his bench several times that day, and I warned him that he would have to stick to his work. Finally, he went up to the men's room and stayed there about 10 minutes. I know he went up their just to show me my warnings didn't mean anything to him. When he came down, I fired him. Even then he wouldn't go, and I had to send for Mr. Bartolo. [Pause.] By the way, are you from the state?

Interviewer: No; the arbitrator's office under the agreement here is part of the joint machinery.

Schwartz: The reason I asked was that my youngest daughter was fired the other day. She goes to high school and has a job in a store on Friday and Saturday. Some money was missing from the cash register, and they couldn't find out who took it, so they fired the whole bunch, 15 of them. That is very unfair and it leaves a stigma on her.

Interviewer: If they fired the whole group there is no reason to suppose the blame would fall on her.

Schwartz [worriedly]: She will have to get a job when she finishes school, and she will be asked what she has done. It won't be nice for her to say she was fired.

Interviewer: How many children have you?

Schwartz: I have three daughters and two sons and two grandchildren. I live for my grandchildren; they are the only thing that makes me feel young. [He pauses.] But I don't know what will happen to them when I am gone. She never should have married him and we warned her, but it didn't do any good.

Interviewer: You're speaking of your daughter? Whom did she marry?

Schwartz: She married a fellow who had a job on a tanker. He only earns $55 a month and is away most of the time, too. [With great decisiveness.] He's no good and never will be any good. Now they are going to have another child. [Pointing to the cutting room.] He's one of them, too.

Interviewer: I don't quite understand.

Schwartz: He's an Italian. He thinks he knows it all. Then I have another girl who is a nurse in a hospital. She wants to do the same thing, too. She wants to marry a fellow who is an orderly in a hospital. He earns $12 a week and his keep. My daughter gets $55 a month on her job. [He pauses and then continues somewhat wearily.] I don't know how long I'll last. I don't even know if I'll stay here. Their object is to lick me. Bonanno was foreman for awhile; and they licked him.

From a Second Interview with Leo Bartolo

Bartolo: Mr. Schwartz, the foreman, came to me and said, "Mr. Bartolo, I can't stand this any longer. I'll have to fire this man." I told him, "Why do you come to me? If he is fired, he is fired." Of course, the fellow wouldn't go. If I had been a worker I would have gone under those circumstances. He came to me and told me his case. I said, "If I support you, I let down my foreman. You can go."

Interviewer: Tell me a little more about Aaron.

Bartolo: For 3 years everything was all right. Then he lost, in some way, the use of his mind. He made terrible mistakes. I had him examined by a doctor and sent to a sanitarium for 6 months or perhaps a year.

Interviewer: You mean he had a breakdown?

Bartolo: Yes, that's it. At that time he spoiled a whole lay.

Interviewer: And before that, your relations with him were good?

Bartolo: The best. When he went to the sanitarium, we paid out money for him because we were sorry. [He pauses.] Now let me tell you something more. About a year ago at a meeting one of my pressers got up and said he had been offered $20,000 to close this shop.

Interviewer: Who do you think would want to pay $20,000 to close your shop?

Bartolo [shrugging his shoulders]: A competitor, perhaps. I can't prove it, but I believe it's an unseen hand in this affair.

Interviewer: How did you happen to select Mr. Schwartz as foreman?

Bartolo: In my opinion he is a good foreman. For a while my brother-in-law had the job, but they made a fuss and I took him out. Now they want to get rid of Schwartz. When he came to me about Aaron, I said, "Why do you come to me? If he's out he's out. You either run the cutting room or you don't," I said. I want to say this, if one of these men is fired we will all learn something. Either the shop will be first class or we will learn something more is wrong. I believe it is essential that these men should learn that it's possible that someone can lose his job.

On May 9, 1940, the arbitrator rendered his decision regarding the dispute submitted to him on April 18. Excerpts follow:

The difficulties centered in the cutting department, and were concerned particularly with issues of discipline, quantity and quality of output, and wage rates. Subsequent to the hearing, two associates of the arbitrator made several visits to Hamilton where they interviewed representatives of both sides.

While the investigation was under way, Aaron Kastanian was discharged by the management for alleged insubordination. Upon being notified of this by Messrs. Santo and Pacetti, the arbitrator instructed Messrs. Bartolo to reinstate Aaron Kastanian immediately. Obviously the *status quo* must be maintained during a judicial proceeding such as this arbitration.

The decision of the arbitrator is as follows:

(1) The arbitrator confirms the instructions given verbally to Messrs. Bartolo that Aaron Kastanian be reinstated.

(2) The request of the management that Aaron Kastanian and Vito Albani be dismissed is not granted. The arbitrator was impressed, however, with the evidence of insubordination in the cutting department of the plant. It is quite clear that a deplorable lack of discipline does exist. Such a lack of discipline militates against the welfare of the workers as well as against management. This condition should not continue. Therefore, while the arbitrator is ordering the retention of Aaron Kastanian and Vito Albani on their jobs, this is done *provisionally* only. In other words, these two gentlemen are on probation. The management has the right to reopen this case at any time, and if evidence will be presented pointing to continuing lack of discipline or insubordination the arbitrator will have no other recourse but to order the discharge of the guilty persons.

(3) The arbitrator is granting an increase of $2 a week to the markers. Their rate henceforth will thus be $47 a week as against the $45 a week until now prevailing under the hourly rate of $1.25 established by the agreement of June 29, 1939. While this rate of $47 is now established on a weekly basis, the arbitrator expects the maintenance of standards of production in reasonable ratio to what they were when piecework prevailed.

(4) The wage rates of the other workers in the cutting departments are to remain as they are under the agreement of June 29, 1939.

(5) The arbitrator earnestly hopes and expects that more amicable relationships will be developed between the cutters and the management. The Amalgamated Clothing Workers of America has a proud record both for obtaining good working conditions for its members and also for helping manufacturers to carry on their business successfully. This involves cooperation and discipline. It does not mean that differences will not arise from time to time. But orderly adjustment of such differences is an essential part of collective relations, and in recognition of that principle the Amalgamated pioneered in establishing machinery for impartial arbitration. This machinery should be utilized to settle those differences which the union and the management by joint effort have been unable to compose.

As the interviews progressed, reactions to the decision naturally found their way into the statements of interviewees. The judgment of the business agent upon the feeling of the cutters, and relations in general just after the decision, may summarize conditions through the remainder of that spring.

From an Interview with John Pacetti, Business Agent

Interviewer: How did they like the decision out in Hamilton?

Pacetti: They thought it was a lousy decision.

Interviewer: It is an interesting situation out there. The business grew up from nothing at all, didn't it?

Pacetti: When those fellows started they were getting $25 and $30 a week and were quite satisfied. That was a lot more than anyone got in the textile mills; and it was a better place to work, too. In those days they were proud to work there, but of course they were all learners then. Now they are getting $45 and they aren't satisfied. [He pauses.] The business used to mean a lot to those people. Once when the Bartolos were out of money, some of them came around and showed him their bank books. Then they offered to loan him whatever he needed.

Interviewer: How much did they borrow?

Pacetti: I don't know exactly the total. The Bartolos let it get around that they would have to close, and the workers came around voluntarily and offered to back them up.

Interviewer: He paid them back, didn't he?

Pacetti: Oh, yes. Do you know that there are very few of those people who don't have at least $2,000 saved up? They are very thrifty, and however little they earn they always put away something.

Discussion Questions

1. List "The Seven" as members of a clique in the cutting room, indicating which of the men seems to be the leader, or leaders, and your first judgment upon the places of the others in the group.
2. Trace the motivations behind the hostilities of "The Seven" suggested in these first interviews.
3. Indicate the relationship of "The Seven" to the union, to top management and supervision, and to other workers in the shop.
4. Analyze the history of the company as a factor in present relationships.
5. Evaluate Arthur Schwartz as a foreman in the cutting room.
6. What clues can you note thus far as to the influence of ethnic factors in the cutting room?
7. Discuss the discharge of Aaron Kastanian, in terms of how and why it seemed to have been made when it was, and the policy of top management in confirming it and of the arbitrator in revoking it.
8. Compare the statement of their grievance given by the cutters in these interviews with that at the arbitration hearing. What clue would you find in this behavior?

9. What reasoning do you think lay behind the decision which the arbitrator rendered in the first case presented to him? Do you agree or disagree, and why?

BARTOLO BROTHERS (C)

ANOTHER DISPUTE IN THE CUTTING ROOM

Mr. Pacetti was replaced as business agent for Bartolo Brothers by Vincent Donati. As the spring season's production was drawing toward its close, another dispute in the cutting room was submitted to the arbitrator. Excerpts from the stenographic transcript of the hearing held on July 9, 1940, follow:

Present for the Management	*Present for the Union*
Leo Bartolo, President	Vincent Donati, Business Agent
	Joseph Adalian, Cutter
	Guido Battista, Cutter
	John Salvatore, Cutter
	Edward Dekran, Cutter

Arbitrator: Well, gentlemen, what is the story today?

Donati (u): Since last time, when you arbitrated a case for the cutters and markers, extra work has been given to the cutters for which they have not been paid. It has to do with matching stripes. This requires extra time. In 1939 an agreement was made on prices between the union and the firm, but there were no specifications as to fabrics that required extra work. Let me explain a little more carefully why they have more work to do. After the cutters get the work from the markers, they cut along the first marks. Then to match the collars and the backs, they have to do them individually. They have to be cut over again, one at a time. They make $4 or $5 a week less than last year. This kind of work has been done by the markers ever since they went on week-work. Now it has been given again to the cutters.

Arbitrator: Let's hear Mr. Bartolo's story now.

Bartolo (m): There is a lay, say 35 high. First the cutters cut according to the chalk marks of the markers. That is a rough cut. Then the marker re-marks it and the cutters cut it correctly.

Arbitrator [to Mr. Bartolo]: Have you any data on the payroll to show how earnings are affected?

Bartolo (m): Yes, we have all the material you want, but don't stop on that. [He pauses.] I have been bewildered as to how to handle this situation. There is a decided conspiracy among the workers against the management, which I want to emphasize. I really wanted to come here with the purpose of bringing this up. We have quite a few workers who do their work quietly and in peace, and they have been approached by the older ones and threatened in different ways.

Donati (u) [interrupting]: I don't see what that has to do with this case. This word "conspiracy" implies a lot of things but has nothing to do with this case.

Bartolo (m): I may be all wrong, but I want the investigation to go deeper. They have been threatening these fellows by telling them that either they will go along with them, or they will be in trouble. Let your investigator come to us and find out what has been told to them by those that are trying to compel them to belong to their gang. My employees are only trying to earn a living. Why should they be disturbed by these fellows? I want it to be investigated. I may be all wrong, but I want to know. [He pauses.] From the time that we put the markers on a week basis, we ran into complications. We signed a contract simply to avoid all of this confusion and disagreement. You [to the arbitrator] have brought them somewhat into line by telling them that they were to give the concern a full day's work. Two weeks ago I told Donati what was going on. He spoke to them and for the past 2 weeks the markers have given me a full day's work. When the markers were not doing a day's work, the cutters didn't have anything to do and I had to send them home. The reason the cutters are not earning what they should is because the markers are loafing on the job. Naturally when they don't mark enough cloth, the cutters don't have enough to cut. Since the cutters are on piecework, they earn less than they would if the markers got out their production.

Arbitrator: You say that you have been getting good production from the markers for the last 2 weeks.

Bartolo (m): No, not good production, but they have done a pretty good day's work.

Arbitrator: Have you a record of the markers' earnings?

[Mr. Bartolo submits some payroll data.]

Battista (u): There is one thing I'd like to clear up. [To Mr. Bartolo.] Awhile ago you spoke about some threat to some of the workers. What did you mean by that?

Donati (u): Mr. Bartolo has heard that the older cutters and markers have approached others in the shop and told them that either they follow them or else they will suffer for it.

Arbitrator: My investigator will look into that.

Donati (u): The boys have no right to gang up or conspire against the firm. If the firm goes out of business, the boys will lose their jobs.

Battista (u): It's the first I ever heard of it. I never heard of anyone being threatened.

Arbitrator: How often does your local union meet?

Donati (u): They used to meet every month. Lately they haven't been meeting very often, and we want to return to the old system of meeting regularly.

Arbitrator: I think that is a good idea. That would be a good chance for the boys to talk over their grievances. You know the union is what you fellows make it.

Donati (u): I have told them there is a responsibility that they have to the union and that the union means them, not me.

Arbitrator: I'd like to observe earnings for a couple of weeks before making a decision. Since the markers have been doing better during the past 2 weeks, I'd like to see how things go for the next 2 weeks. I'll take their hourly earnings, not their weekly earnings. In other words, I have to pursue further Mr. Bartolo's contention that the markers were not turning out production, and when their production and work improved the cutters' earnings increased. I want to see what their earnings are, say, for the next 2 weeks.

Donati (u): All right boys, you have nothing to lose. It will show more exactly what you are losing.

I am striving very hard to see that both parties will get together. Both sides have had a chip on their shoulders and have been sarcastic. I want to see peace prevail. I tell the boys and Mr. Bartolo that they all have to try to overlook things. Too much complaining leads to divorces, and we don't want any divorces.

Bartolo (m): I had a solution to this whole thing—that was to get rid of two men. But instead they were given a raise.

Battista (u) [in a disgusted tone]: Is it always going to be like this?

Bartolo (m): As I said before, you, Guido, would give me a good day's work; but I'm afraid of the influence on you from the others.

Arbitrator: Let's see what happens in the next 2 weeks with those boys' earnings. I think you fellows will have to admit that there is something wrong with the spirit of things in the shop.

Donati (u): He means that you boys have to be cooperative and give an honest day's work.

Bartolo (m): They think more of how to present a case now than how to cut more intelligently. We've all had to become lawyers.

Arbitrator: You once had a good relationship with these people. Something happened. Now there's suspicion on both sides and a conflict between the workers and the management. If we could put a finger on what is wrong, you [Mr. Bartolo] would show a profit and they would be happy.

Bartolo (m): I had the cure which would benefit all the 500 or 600 workers, but no one thought it was a good idea. I don't usually want men to lose their jobs. Don Piano is going away and I feel bad about it. I spent hours and weeks with that boy teaching him his business and now he is going away.

Excerpts from the arbitrator's decision follow:

This case relates to the question of compensation for four machine cutters. The latter contend that they are entitled to an increase because of an additional operation necessitated by matching stripes, in the nature of a double cutting—that is, once in the rough and then more precisely to the marking.

The management contends that the lower earnings of the cutters this year are due to the fact that the markers who prepare the cloth for the cutters are not turning out the volume they can and should. The markers have for some time evinced a hostile spirit toward the management; and since they are now on week-

work, they are not turning out as much work as last year when they were on piecework.

It is true that the cutters are earning less per hour during the 1940 season than the 1939 season. It is difficult to ascertain, however, exactly how much of the decreased earnings is due to the process of double cutting, and how much to the fact that the markers are holding back and are not preparing sufficient volume of work.

A comparison of the earnings of the markers indicates that if computed on a piecework basis, they also are earning less during the 1940 season than the 1939 season. There is thus reason to believe that the markers are in part responsible for the reduction in the earnings of the cutters. This is a deplorable situation; and since the men all belong to the same union, and the union has an agreement with the management, the arbitrator recommends that the union look into the situation and take such measures as may be necessary to the end that the markers turn out a satisfactory volume of production. On the other hand, it is obvious that the double cutting process is also in part responsible for the reduction in earnings.

The decision of the arbitrator is therefore as follows: that in those cases in which double cutting is necessary, the cutters be given 5 cents additional per lay, in other words, 82 cents instead of 77 cents. This rate is retroactive to the time of the hearing on July 9, 1940.

Discussion Questions

1. Discuss the problem presented in this arbitration from the viewpoint of rate setting in the cutting room.

2. What further insights does the proceeding furnish regarding the influence of underlying relationships in the cutting room upon the behavior of and the explicit differences between the parties?

3. Note on a chart, listing "The Seven," which is now to be carried forward from episode to episode to indicate the changes in the clique's internal organization and shop status, the "position" of its members (*a*) at the outset of the first arbitration; (*b*) after the decision upon that dispute; (*c*) by the events indicated in this second rate dispute.

4. Discuss the problem of internal union administration presented by the difficulties in the cutting room. Evaluate the adjustments which the union thus far has been making.

5. Discuss the arbitrator's decision in this case, again in terms of its underlying reasoning and objectives.

BARTOLO BROTHERS (D)

THE "ANTI-SEVEN"

The interviews held subsequent to July 9 naturally carried forward the basic shop situation in terms of the developments indicated at this second hearing, as well as what had gone before. They also reflected the reactions to a change in cutting-room organization effected when management moved one of the cutting teams, together with Foreman Arthur Schwartz, to the nearby shop of an associated company. Shortly thereafter, Minzio Bonanno

took over the foremanship in the old cutting room. Excerpts from these interviews, conducted from July 10 until the third hearing convened on September 23, 1940, follow:

FROM AN INTERVIEW WITH LEO BARTOLO

Interviewer [after a preliminary exchange of comments on the hearing which had taken place the previous week]: Did you say that Don Piano left you?

Bartolo: He left me and I don't know why. I wish you would find out. Personally I think it is just as if you had asked me to work with you and then I found that I can't stay on unless I do something crooked.

Interviewer: How are you getting on with the others?

Bartolo: You see what they are. Aaron [Kastanian] reads things and thinks he understands them. If he read them upside down, he would understand them just as well. Vito [Albani] knows nothing of what really goes on in the world. Don [Piano] was, I think, a nice boy. He is the kind of boy who is cooperative by instinct. That fellow, Guido Battista, is an honest boy. But he is stubborn; he will see something his way and fight for it whatever you say to him. As for Ed Dekran, you can't tell when he is going to blow up.

Interviewer: I was told Mr. Donati is here today.

Bartolo: I think he is still here. Of course, these fellows think they have to do something or they will lose their jobs. That's why they got rid of Pacetti. He didn't get them enough. Donati was here before that and they finally got rid of him, but now he's back again.

Interviewer: Was Donati here then when your shop was unionized?

Bartolo: I brought the union in myself. Santo was here then, organizing the textile mills, and Hamilton was "on fire." He told me that the times were against me and asked me if I wanted to be known as a "scab" shop. So we decided they had better come in. But let me tell you that the union has no part in this dispute; it has no control over those seven.

FROM AN INTERVIEW WITH VINCENT DONATI

Donati: There is something wrong out here, but I can't find out just what it is. I haven't time to give this situation much attention. Tonight I have to be in Millfield; tomorrow I am in Elliot. Every day this week is full. I wish you could find out just what the situation is. I want to straighten it out. Now there is another thing I want to call to your attention. You know Edward Dekran. His marker—Don Piano—has left. The new marker [Paul Bestor] is slow, and Ed hasn't enough work. That isn't anyone's fault, but he should be given some work to make up for it.

Interviewer: Do you know why Don left?

Donati: He said he was nervous, and when a new job came up he was glad to take it. I told the markers a few weeks ago that the boss was watching them and they would have to keep their production up. Don said he was under a strain and felt badly. The foreman antagonizes all these

fellows. I heard him say to one of the boys, "What the hell are you doing?" All the boy had done was to look at somebody's ticket. He jumps on them for every little thing. [Pause.] I hope you can find out something more about what is going on here. All these disputes are exhausting.

FROM AN INTERVIEW WITH THE MARKERS AND CUTTERS, AARON KASTANIAN, VITO ALBANI, GUIDO BATTISTA, EDWARD DEKRAN, JOHN SALVATORE, AND DON PIANO

[This conversation took place in the Napoli Restaurant owned by the Piano family. Although everyone except Salvatore contributed to the conversation, most of it was carried by Kastanian and Albani. When Kastanian spoke, the others were always silent. Occasionally, there were two conversations going on at the same time. Albani had originally been asked to come over and talk, and he arranged to bring the others along. Joseph Adalian lived a considerable distance from Hamilton and so did not stay for this evening interview. Albani started off by discussing the foreman.]

Albani: You see, about 1½ years ago, Arthur Schwartz was just one of us. Then one day he worked while all of us were out. It was a union holiday, and he was fined for doing it by the executive board. Ever since then, he's been out to get revenge; and awhile ago, before Don left, he told Don that he was on the spot and had better look out. Of course, we are trying to put him on the spot now, too; and whatever we do, he tells Leo Bartolo.

Kastanian: What I don't understand is why we need to answer all these questions. What has it got to do with our case now?

Albani: That's just what I was saying a few minutes ago. If we were talking about the weather, why bring up the European situation? We had this arbitration to settle rates, and the result was that Aaron and I were put on probation. I'd like to know what crime we were guilty of to be put on probation.

Interviewer: You can see that I can't discuss the merits of that decision.

Kastanian: The decision is over. I want to know why you should ask us to tell you more. What good will it do us?

Albani: He explained that to me. He wants to find out more about the history of it and all that.

Kastanian [speaking very slowly]: If you want to understand labor relations, it is necessary to read books about it. You should read Mr. Hillman's book and a book about the National Labor Relations Board. What they're doing in this shop is against the board's rulings. They want to prevent us from being active members of the union and they have put a lot of stooges into the shop. He has three spies here: the foreman, Bonanno, and that boy Pete.[1] We can ask the Labor Relations Board that they be discharged.

Albani [interrupting]: You know, when we ask that boy, Pete, to do something, he says, "No, I won't do it," in an arrogant voice. He should do what

[1] Peter Paloti; he will be met in subsequent interviews and hearings.

we say. We markers used to be responsible for a machine cutter and a layer. In those days it wasn't—"Do this." They used to say, "We think this should be done." There was never an argument. We used to bowl together and go to the beach together in those days.

Interviewer: When did things begin to go wrong?

Kastanian: It began in 1937 when everyone in all the shops was supposed to get a 12% increase. But the Bartolos thought we were all overpaid and didn't want to give us anything.

Battista: Leo owes a lot of his success to us. [With some excitement.] He says we learned everything from him, but he learned plenty from us. Aaron taught him a lot.

Dekran: About two years after he started, we all loaned him money. He came to us and said, "If you hadn't cooperated, the rest of the shop wouldn't have cooperated." He said, "When conditions are better, you fellows will get a raise without asking for it." But look at where we are now.

Piano: It's the expansion that's going to their heads.

Kastanian: I don't know of any man who has gone up so fast.

Interviewer [to Aaron]: You had a lot of experience in the clothing business before you worked for Leo, hadn't you?

Kastanian: I worked seven years for the Belmont Company in Capitol City. Leo was designer there. Angelo worked there, too.

Interviewer: How did Leo get started on his own?

Kastanian: In 1927 Leo went over to Stowbridge and started a shop. Then there was a strike in Stowbridge and Leo moved out here.

Interviewer: Did you move out here with him when he first started?

Kastanian: I went back and forth from Capitol City. Then finally he says to me, "Why don't you move to Hamilton?" But then I thought, "Why should I move and then get fired?" So I spoke to him about it. He told me, "As long as this business grows, you grow with it." Until 1937 everything went smoothly; but right after the general raise he said to me, "Now you are a free man. You are no longer obligated to stay here."

Albani: He tried to set us against each other. One day he got hold of me and said, "Look Vito, if Aaron wants to leave what do we care?" He's tried to set the girls against us, too.

Kastanian: Most of the women give Leo a lot of credit for giving them a little something to do.

Battista: They don't get much, but what little they get helps.

Albani: You see, I won't take the kind of thing that goes on here. The other day the foreman raised his voice to me and I raised mine back so everyone would hear. I said, "That's dictatorship, and I won't take dictatorship around here."

Kastanian: This spring, his brother-in-law, Bonanno, used to get hold of Don and tell him that all us fellows were on the spot and the only solution was to come down on rates.

Albani: You see, he's got stooges all through this shop. Pete and Tom were just hired to be stooges.

FROM AN INTERVIEW WITH PAUL BESTOR

Interviewer: You began here as layer for Vito Albani, didn't you? How did they get along without a foreman for so long?

Bestor: Leo Bartolo used to be his own foreman. I think Aaron thought he'd be made foreman when the business grew.

Interviewer: Is Arthur Schwartz pretty good?

Bestor: Arthur is good. I've got to give him credit for that. A good many times I've seen him cut down the amount of cloth required for a size. [Pause.] Now let me tell you a little more about what happened to me here. When I came in, all those boys gave me the cold shoulder. For awhile I didn't know why, and then I found out. You see my wife, Rose, had worked with Mr. Bartolo a long time and they thought anything they said would be repeated to him. I finally had it out with Vito and he told me what the matter was. I said, "If you feel that way, just don't say anything." After that, we worked a couple of seasons and I gained their confidence. Of course, I didn't care to hear about their complaints, but we went on picnics together and had a wonderful time for awhile.

Interviewer: How long did that go on?

Bestor: Until just before the arbitration this spring. The layers had always been allowed to cut singles when they were ahead of the marker. That's the way a layer could learn something about cutting and it gave them a chance to earn a little extra money. The cutters finally put up a howl and said that was a cutter's job. I told Ed Dekran that I thought it was all right and asked if I could see Leo about it. He told me to go ahead; he said the small lays wouldn't come in much more anyway. But they did keep coming in and things got worse instead of better. Finally I spoke to Leo and told him all about it. "Look here," he said, "you can cut singles"; so I went on, but the cutters didn't like it.

One afternoon I came in and some of the fellows including the cutters weren't there. I asked Pacetti about it and he told me they were out but that it was O.K. to go ahead with my work. Two days later they came back and I said "hello," but no one spoke to me. When Dennis, the marker from New York, left a few weeks ago, they put me in his place. You know I think he left because none of those fellows in the cutting room would talk to him. The fellows weren't talking to me either; but they used to call me names in such a way that I could overhear them. Finally they said they were angry because I worked when they were out. I told them I had permission from Pacetti. Then they felt a little low because they didn't know that, and they wanted everything to be forgotten. I'm doing Don Piano's work since he left.

Interviewer: You went from layer to marker in one jump. That job must keep your hands full.

Bestor: I'm a little slow now, of course.

Interviewer: Do all the new men begin as layers?

Bestor: That's how they begin to learn.

Interviewer: That boy, Pete Paloti, is a new layer; who is showing him how to do things?

Bestor: He asked me several times how to do things. I used to tell him to ask Vito [Albani]. He is Vito's layer. He said he didn't play around with those fellows.

Interviewer: I don't think he knows many people around here.

Bestor: I didn't even know he lived in Hamilton until a little while ago. You see, I don't see much of fellows in the shop.

FROM AN INTERVIEW WITH TOM DE VIVIO, LAYER

[The conversation took place at one end of Tom's table on the cutting floor.]

De Vivio: Of course, I just came on this job recently; but I can tell you that these fellows are hard to work with. They don't give you much help and they make you do things which are wrong. I worked at Vito's table at first and learned a good many tricks of the trade.

Interviewer: What are the tricks of the trade?

De Vivio: Oh, little things that they want you to do. A marker has his own ways of doing things; and he wants you to do them that way, too. For example, if there is a small piece to be marked separately because the cloth is too short, they will slip it into the lay and cut the whole thing together.

Interviewer: How can you cut the whole thing together if one piece is too short?

De Vivio: They can divide it up and put in one part here and one there, so that a single marking will do for almost all of it.

Interviewer: That looks like a pretty efficient scheme.

De Vivio: It's O.K., but they are getting paid for two markings and they should go to the boss and tell him what they are doing. Let me explain another place where the layer can get into trouble. The lay sometimes shrinks a bit after the cloth is down, and I've been caught three times for not having it long enough. If the lay is short, the marker will have a tough time; he may have to work on it all morning to make it fit. So they keep telling me to leave a half-inch. I'd rather talk to the boss anyway. I know what kind of a man he is.

Interviewer: Mario Salvati is a fairly new layer; does he manage to get along all right?

De Vivio: He has the same trouble. You know those fellows expect you to do everything their way. When Mario first came here, he was almost convinced they were the bosses. Sometimes they would wait for him and me down the street and call us names. Mario and I are the same type and don't like trouble; but the other day I said to them, "Go ahead and get fresh if you like; we have plenty of friends in the club now."

Interviewer: What club is that?

De Vivio: The Iroquois Club. Quite a few from the shop belong to it. Tony Feranti, a presser, and Peter Lombardo, foreman in the trimming department, are members and five from the shop downstairs.

Interviewer: How about the union? Do many people go to the union meetings?

De Vivio: The union is a farce around here. I went to a meeting awhile ago and there were only 12 people there—all from the cutting room. The people around here don't care about the union; most of them just wanted to work and mind their own business. Then the big shots came along and the place was unionized.

Interviewer: I had the impression that the management wanted the union to come in.

De Vivio: I suppose it's an advantage for a clothing factory to have a union. All these little stores figure they are sure of good workmanship if they find the union label. But these fellows in the cutting room don't tell the union members about their affairs. They just sort of use the union; they act as if they *are* the union. The rest of the shop don't pay much attention to it unless they think they are going to lose half a cent; then they all turn out. You know the Bartolos have done a lot for these people but some of them don't appreciate it.

Interviewer: You don't work at Vito's [Albani] table any more, do you?

De Vivio: I was moved to Don Piano's table. He's different; that's why I wanted to work with him.

Interviewer: I wonder why Don left.

De Vivio: I think he knew what was right, but didn't want to go against his friends. At one time he was to be a foreman, but he wasn't made for that job.

Interviewer: Who is your marker now?

De Vivio: Paul Bestor. He took Don's place. When he came, he was in the same position. He had to do everything their way. But he wouldn't take any back talk.

Interviewer: Mr. Schwartz must have quite a job on his hands as foreman.

De Vivio: Arthur tells them where they get off. It takes guts for that job. It takes a man who knows right from wrong.

From a Second Interview with Tom De Vivio

De Vivio [who brings up the subject of Aaron voluntarily]: You know Aaron [Kastanian], don't you? What a guy! He takes singing lessons at $5 an hour. Isn't that ridiculous! They sure must have made him think he was good. Of course, all his friends tell him he's good; and he likes that. He's a fellow who wants to appear superior because he's physically weak. He sang at the union meeting the other night.

Interviewer: He must be pretty good if they asked him to sing at the meeting.

De Vivio: They didn't ask him! He just got up and requested it. Then there was some talk going on for awhile and he was sore and wouldn't start. Then someone shouted, "Go ahead, what are you waiting for? Don't you think we can hear you?" Say, did he turn white!

Interviewer: You were pretty young when you went to work here, weren't you?

De Vivio: I was only 16. They thought I had been put in as a stooge.

Interviewer: What did they want you to do?

De Vivio: They wanted me to walk out when they did and keep my eyes closed. If you do anything in favor of the boss in that place, they avoid you.

Interviewer: What kind of things did you have to do in favor of the boss?

De Vivio: Well, for instance, a couple of seasons ago a bunch of work came in and they couldn't rush it fast enough. The boss asked us to work Saturday morning and some of us did. Well, what didn't they do but call us scabs and everything. What they want is to control the room.

Interviewer: Did you ever consult Pacetti?

De Vivio: Sure, but he said it was O.K. He never had any fault to find with me. He said to me once, "What can you do with those guys? They're a pack of tigers." There was a time when you couldn't say a word in this place; they were supreme.

Interviewer: When was this?

De Vivio: About two seasons ago.

Interviewer: Has that changed any?

De Vivio: Since the arbitration, yes.

Interviewer: You think the arbitration decision had some effect on them?

De Vivio: Well, it should have. We all were watching for it. I myself was ready to quit this place a little while ago.

Interviewer: Why?

De Vivio: There was no harmony here. Just quarrels and fights. The only way to have any peace was to do just what they told you. Take Pete [Paloti]; he caught Vito trying to chisel and called the foreman. Say, I saw Don [Piano] yesterday. Is he happy!

Interviewer: Why do you think he left?

De Vivio: He knew he was doing wrong. He saw it was the only way out.

Interviewer: Did he tell you that?

De Vivio: Sure. He called those fellows a bunch of bums.

Interviewer: Don seemed like a nice fellow.

De Vivio: He was. Leo himself knew that. He wasn't the type who wanted to report chiseling. So the only thing he could do was to get out.

Interviewer: How's Pete Paloti getting on now?

De Vivio: He's getting along all right. He's going to join the Iroquois Club. He comes down there every night, you know.

Interviewer: I thought you said there were only a few fellows from the shop in that club.

De Vivio: We were all in the club before we started working here. We're all fellows who live around that region, and have for quite a long time. [Pauses.] I've gotten awfully disgusted with this place here, and it's the same downstairs with the pressers. There are a few big shots there and if

the boss happens to be in a hurry and a fellow wants to help him, they make life miserable for him. A lot of times Vito has told me, "Give it one or two extra [inches]." He used to do it because he wanted to, and I did it because I didn't know what it was all about. There was one time when the cutters spoiled a whole lay because it was marked the wrong size. Instead of reporting it, they cut it into small pieces. Sometimes, like then, the foreman is out of the room. Of course, they could use some of that cloth on extra pants. But most of it was just wasted.

You see, what they're trying to do is to get everyone under their thumb so the boss won't hear about their mistakes. Of course, it puts a fellow in a pretty mean place to report other people's mistakes. Once I was told that if I kept quiet, I would be made a cutter. They said the union would see to it, and they could handle the union any time.

Interviewer: You thought they could arrange to have a man promoted?

De Vivio: I figured they were the leaders. That's the impression they gave me, but after this season I saw that the boss could put anyone in. When Paul Bestor was made a marker, that showed me.

From an Interview with Peter Paloti

[This conversation took place on a Friday afternoon in the cutting room. The whole shop had been let out on account of the August heat, and the room was almost empty.]

Interviewer: Tell me how you came in as a layer.

Paloti: That was only about three months ago. This is a miserable place to work. They have nagged me and made my life miserable for me. Everything they tell me is wrong. My marker will tell me to leave an inch and a half; I do it and get bawled out for it. They say I'm hired as a stool pigeon for the boss, but I don't want to do that. All I want is to do my own work and not be on either side. But "You've got to be for us," that's what they say. Vito told me, "You can't play both sides. You can only play one deck of cards." I started to say how I got hired. Leo [Bartolo] hired me, you see; but I don't want Vito to know it.

Interviewer: How could he help knowing it?

Paloti: Well, I told him I approached the boss to get a job.

Interviewer: How did you really get it?

Paloti: We met at Bonanno's house—Minzio's his brother-in-law, you know. You see, the girl I've been going around with is a cousin of Bonanno. I was at dinner at Bonanno's place when I met Leo, and that's the reason they got the idea I was a stool pigeon. Vito told me, "Get smart and be a stool pigeon, and tell us what the boss says." But I didn't see where I'd get that way, so one day I said to Ed Dekran, "Does it pay to play politics with the boys? Where do you get by doing that?" Ed's not satisfied now and is all ready to turn to the other side. When I first came in he said, "Don't talk to Paul Bestor." But look where Paul has gotten. Some of those fellows have been here four years, and Paul has come up from a layer to a marker.

Interviewer: Who takes charge of a new layer?

Paloti: Paul helped me out a lot and Arthur Schwartz, too, but that's more than these fellows do. What makes me nervous is the way Vito tells me, "Allow an inch." "Take your time." But a marker should set the patterns in the least possible cloth. You can ruin the boss right here in the cutting room by wasting cloth. I'm not going to let those fellows put it all over me. Mario Salvati opposed them when he first came in. Tom De Vivio came to me and said: "Play your cards right with the boss and you'll get along all right here."

Interviewer: Tell me about how long you three layers have been here.

Paloti: Tom has been here about two years. Mario Salvati has been around about a year and a half. I've only been here three months.

Interviewer: Did you start as a layer?

Paloti: I was in the trimming department first. Then I came here as layer. Paul Bestor was telling me how. Not a soul was speaking to Paul then, and I overheard Aaron say, "That guy has been hired as a stool pigeon."

Do you remember Mario Colombo? He's a sponger. He used to go to lunch with me. Mario's daughter and his son would eat there too in the sponging room. Vito and the others told me not to talk to Mario. I wanted to play in with the boys at that time. One day I did speak to him and he said, "What! No one around now, so you're not afraid!" Why shouldn't I speak to him? Why shouldn't I speak to anyone I like?

From an Interview with Vito Albani

[The interviewer had just arrived on the cutting floor, and Albani interrupted his work to talk for a few minutes.]

Interviewer: I didn't see you Friday afternoon.

Albani: I'm sorry I missed you, but it was so hot they let the whole shop out. We all went swimming.

Interviewer: All the cutters and markers?

Albani: And the layers too—everyone. We get along all right with them outside the shop, you know. It's only when a fellow goes against you that you can't put up with him. The girls over there went too; it's the first time the girls have come with us.

Interviewer: Pete [Paloti] was here on Friday. He must have been the only one who didn't go with you.

Albani: He's a fellow I don't want to see anyway, either outside the shop or inside.

Interviewer: Joe [Adalian] told me as I came in that they had moved Paul Bestor and the rest of his table over to the other cutting room. Arthur Schwartz is over there, too. I wonder why they did that? Is it a permanent arrangement?

Albani: I tell you, they're going to make it tough for us guys. He's going to have us working one day a week pretty soon, if he can.

FROM AN INTERVIEW WITH AARON KASTANIAN, TAKING PLACE BY APPOINTMENT AT HIS HOME

[He lives on the second floor of a double house outside of Hamilton. He explained that he always prefers a location not too close to other people so he will not disturb them when he is singing. He showed the interviewer some of his music, including the scores of "Carmen" and a number of Italian operas which seem to please him particularly. He said he has always enjoyed singing, but has taken lessons only in the last three years, and previous to that time was not able to read music. His small daughter, aged about 12, takes piano lessons, but he himself does not play any instrument. He plans to give his second daughter musical training, too.]

Interviewer: Tell me a little more about this fellow Scarlati, who had something to do with organizing Bartolo Brothers for the first time.

Kastanian: Scarlati and Vito Albani used to work together. Scarlati was the man who brought the union into this shop.

Interviewer: How do you go about that kind of a job?

Kastanian: They do it in this way: First, they approach the most important of the cutters, markers, and pressers. They have secret meetings and then call a strike. Then the union sends out a man to address a meeting and organize them.

Interviewer: It was the regional office of the Amalgamated, wasn't it, which helped to organize Bartolo Brothers?

Kastanian: There are a number of shops [in this region] and all these shops send representatives to a meeting every week where they discuss their problems. Every Thursday, Scarlati and a couple of other fellows, Mancini and Donshian—Donshian is an Armenian like us—used to go to the meeting. Leo hated that because he used to think that in those discussions his competitors would get information.

Interviewer: Did that scheme work pretty well?

Kastanian: It used to work pretty well, but later on a lot of politics came in. Leo managed to set the pressers against the cutters and the cutters against the markers, so that everyone was against everyone else.

Interviewer: How could he do that?

Kastanian: By bringing in stool pigeons who are really spies and could now be punished under the law. But we have never gone as far as to ask for that. [Pause.] The union here does not work as it should. Every other shop has a shop chairman, a man who acts like an inside business agent.

Interviewer: Do the layers usually act with you union men?

Kastanian: Well, they did before. In 1937, when the general raise came, Leo didn't want to raise the pressers and cutters. We told him, "This doesn't cost you anything; it simply goes on the price of the suit. Every firm is willing to do that, if all the others do it too." That was the time that New York sent up all their best men to organize the textile industry. We stayed out six weeks until it was settled; and when we came back, Leo said, "I don't want John, I don't want Eddie." They were two of our layers then. We

phoned Marconi and insisted that they stay. Finally, he promised that they should stay, and we believed him. Leo didn't like it and later in the fall, after we had all been out between seasons, he said he had no more work for Eddie and John. In the meantime, he hired Mario Salvati, a kid from the shipping room, and that boy Tom De Vivio. The trouble was that Pacetti didn't back us up. Pacetti wasn't really with us.

Interviewer: Tell us a little bit about how you got on in the old days before there was any foreman.

Kastanian: Leo used to tell us, "You are as good as a foreman." He trusted us, and we used to work hard to save cloth for him. Very often we'd waste an hour of our own time to save him some cloth. Well, I suppose this new man wanted to make a position for himself, and Leo put him in.

[At this point, Mrs. Kastanian came in and explained some of her own difficulties. She works in the shop downstairs, and one of her grievances (now settled) concerned the amount of her weekly earnings as compared with some of the girls who were relatively new. The interviewer was asked to supper after that, but refused.]

Outline of a Later Conversation with Aaron Kastanian

One day the interviewer spent some time chatting in a casual manner with Aaron Kastanian on the cutting floor and picked up the following information:

He was born in Armenia, and his father was a butcher and grocer. Before the war (*i.e.*, World War I), two older brothers and a sister had come to this country. He was the youngest of the family. During the war, when he was only 10, his father was "massacred" by the Turks; he was executed by a cannon shot, according to Aaron's story. Shortly afterwards, he and his mother and sister made a journey to Aleppo along with many other Armenians, most of whom died on the way. In Aleppo he worked as a servant in a mess hall for German soldiers. He did not like the Germans. Later on, when the British occupied Aleppo, he worked for British soldiers. He liked the English and said they amused themselves and were gay during their spare time, unlike the Germans, who were always fooling with mechanical contrivances. At the end of the war he and his mother came to this country. She had always lived with him. He said his father was a wise and moderate man who never encouraged them to rebel against the Turks.

Aaron continued from here to discuss his personal interests. He said that he always preferred to discuss "serious" topics when he was out with his friends. If he were free to do what he liked, he would choose to be an opera singer. He was interested in love affairs and liked to give people advice on this sort of thing. His first infatuation occurred when he was 16, but this was merely "puppy love" and his mother put a stop to it. Later he fell in love with an American-born Armenian girl, who was very beautiful, very much sought after, but "spoiled." Her mother expected her to have all the luxuries of a Hollywood actress, and, of course, he was unable to provide them. He "suffered terribly" from this incident.

When asked what serious topics he liked to discuss, he mentioned "nature"

and "fate." These words seemed to refer to peculiarities of people, and to what happened to them. He was interested in people's personal problems and always read Elsie Robinson's column in the papers. People were worried about many things, such as their business and their wives, he explained, and it was important for them to get rid of fear. He thought many difficulties which people experienced were due to fear. He thought that Christian Science had "the right idea" about this sort of thing, although he himself didn't go to the Christian Science Church. He pointed out that "many great men" had been troubled by fear, but had overcome it. From the topic of personal problems and fear, the conversation shifted to women; and he expressed the opinion that the man should be the master in his house and that women preferred a dominating man.

Discussion Questions

1. On your chart listing "The Seven," indicate the further changes in the clique's position in the cutting room revealed by these interviews.
2. What methods have "The Seven" utilized in their effort to establish a controlling influence in the cutting room?
3. Trace from these interviews the "defense" clique forming in the cutting room to resist the pressures of "The Seven." List their names and trace the methods of defensive action and counterattack they are developing, as well as the sources of support upon which they seem to place reliance. Contrast those sources of support with those claimed by "The Seven."
4. What further insights do these interviews furnish into the personality traits and shop behavior of Aaron Kastanian?
5. Evaluate the problems of the union field representative as suggested by the interviews and performance of Pacetti and his successor, Donati.
6. List the changes that management has made thus far in the organization of the cutting room, and give your evaluation of their probable objectives.
7. What further insights into ethnic and community factors as influences upon shop relationships are furnished in these interviews?

BARTOLO BROTHERS (E)

THE DISCHARGE OF JOHNNY SALVATORE

As the summer drew to a close, a third dispute was submitted to Mr. Colton. Excerpts from the hearing, held on September 23, 1940, follow:

Present for the Management	*Present for the Union*
Minzio Bonanno, Foreman in the Cutting Room	Vincent Donati, Business Agent
Peter Paloti, Layer	John Salvatore, Cutter

Arbitrator: Well, gentlemen, what is this about today?

Donati (u): Last Friday while I was in New York at our union head-

quarters, Johnny Salvatore was looking all over for me. I came back and saw him, and he told me he was afraid that he had lost his job.

The last decision you gave made the firm feel that they had the right to get quality in the cutting department. So in the matter of matching stripes, they decided to put one person on the job of cutting striped material. Under the old system in matching stripes, when you cut a whole lay through, the cutting was rough, and it had to be cut again. This new way you cut each one right the first time. Mr. Bonanno asked Johnny to do it and told him he could think it over. Mr. Bonanno has recently been made foreman again since Mr. Schwartz was moved to the other shop.

Bonanno (m): I didn't just tell him to think it over. I asked Johnny to do this job for a few hours a day on week-work, and he refused. So I said, "Well, think it over." He said no, that he wouldn't get enough pay on week-work. I said, "You start on it and if you aren't satisfied, you can take it up with the business agent when he comes. Just do the work." I coaxed him two or three times during the day. Then I asked Joe [Adalian] to try to convince Johnny to do the work and not to leave. But he wouldn't do it that day. So I told Johnny to think it over and let me know in the morning. In the morning, Johnny said no again. He had decided that he didn't want to do it. So I said that that was the only work I had for him.

Donati (u): This is Johnny's first time in trouble, Mr. Colton. He is considered a "good boy." Inasmuch as Johnny was wrong—I admit it—I feel that the punishment he has had (he has been out of work for a week) is enough. I have already instructed them that no one else can do this and if they do, I won't take up the case. I admit that he was wrong in not doing the work, but I don't believe in "capital" punishment.

Arbitrator: Johnny, what is your story? Why did you refuse to do the work?

Salvatore (u): I didn't see any future in it. I was a marker, cutter, and layer.

Arbitrator: Did you do singles and specials?

Salvatore (u): I did specials and regulars too. I didn't see any future in doing this work. I like to mark and cut, and if I did this, all my time would be taken up with matching stripes.

Donati (u): Isn't it also a question of earnings?

Salvatore (u): Yes, I would earn more marking and cutting.

Bonanno (m): I would like to ask Johnny a few questions. But first I want to tell you how these seven cutters always make trouble. That is why I brought this man [indicating Peter] with me. He is a learner in the cutting department. He is new and works slowly and holds them up. Sometimes they have been after him not to work too fast. But most of the time they swear at him for not working fast enough. Because he is slow, I kept him overtime, and they objected. They do everything to aggravate the firm. So they call this boy names. One time, a girl made a mistake in the width of the cloth, and to straighten out the lays I took some of their pieces and gave it to Pete because he could cut it at the same time that he was cutting

his. They called him a robber and accused him of taking their money away from them. Johnny isn't a man on his own hook. He is one of those seven —there are just five now in my cutting room since Don left, and Ed was moved—and he is highly influenced by the others. He does what they tell him, and he is suffering for it. If he is going to tell me that he won't do some work, I cannot run my floor. Two months ago, he wasn't making half as much as he is now. Isn't that right, Johnny?

Salvatore (u): I guess that's about right.

Bonanno (m): I gave him the chance to make more money by being a cutter. I taught him. Still he quits. I cannot run a floor if they refuse to work. We must have discipline.

Salvatore (u): I thought I was doing right; and, as for being influenced, no one influenced me.

Arbitrator [to Johnny]: Is it your understanding that you can refuse the foreman when he asks you to do something? Do you think the union gives you that right?

Salvatore (u): I thought I was doing right. He wanted to change my job and I was satisfied where I was.

Bonanno (m): Who gave you that job? I didn't give you any signature on it when you began cutting and marking. If I gave you a chance, if I teach you how to do the work, if I waste my time and the boss' cloth, and then I ask you to do me a favor and you turn me down, is that right?

Arbitrator: What makes you think you had the right to refuse?

Salvatore (u): All the time they put me on odds and ends. I was sick of it. I thought I should stay where I was.

Donati (u): I don't think he had the right to refuse. I say that he was wrong to refuse and that Mr. Bonanno is right. But this is "capital" punishment. It is too much for a small thing.

Arbitrator: Is it really a small thing?

Donati (u): He never did it before. He has been a good boy.

Bonanno (m): He walked out with them, when they walked out on their jobs. He always acts with them.

Arbitrator: There is no question that Mr. Bonanno was acting in good faith. [To Johnny.] Do you see that you didn't do right?

Salvatore (u): I thought I was doing right.

Donati (u): What do you think now? [Salvatore does not answer.]

Arbitrator: I am not sure that I can order you reinstated. I can try to persuade the firm to take you back on the grounds that it is your first actual insubordination. But if I do this, I want you to realize the seriousness of what you did. If you have a complaint, then you can come to the union and finally to me. That is the machinery which the union has established. But you have no right to walk out on a job. [To Donati.] Somehow, I can't get the fellows in Bartolo Brothers to understand that. They act as if there were no contract. Every time they think of something they don't like, they take the law in their own hands.

Bonanno (m): Now there is something brewing in the shop. I meant to

take it up with Donati before, but I forgot to do it. I had more peace before I was foreman. Those five sit there and waste time. They talk to this one and to that one, tell jokes and stories. Now I don't want them to break their necks, but I want them to work. They sit and chew the rag all day long. When Angelo or Leo comes around they work quietly. But when they aren't around Aaron and Vito talk all the time. As soon as they see the boss, they stop. It's just like I'm nobody there. If Johnny comes back, I'll give up my job. I'll go back on the bench. I have to show discipline.

Arbitrator: How long has he been out of work?

Donati (u): One week.

Arbitrator: That's some punishment for him. I don't want to make a decision that you must take him back.

Bonanno (m): I have nothing against him personally. I have always tried to help him.

Arbitrator: Why not give him another chance?

Bonanno (m): Maybe a little later. Not now.

Arbitrator [to Johnny]: How can you come to the arbitrator and say that you have the right to refuse to do work, and say no when you are asked to do a certain job? It ruins the morale of the whole shop. Mr. Bonanno has to be respected. He represents the firm. You will never get anywhere if there is always bad blood.

Donati (u): The misdeed that Johnny has done was paid for by losing a week's work.

Bonanno (m): Personally I think he paid too much. But for the discipline of the shop, I can't take him back. This is a clean-cut case. I couldn't face the firm if I took him back. Later on, maybe I'll be able to do it. The season is almost over. Next season I'll take him back. I like him personally; he is a good boy. But I must establish prestige on the floor. He wanted to play the hero's part. Now take Vito, he is shrewd. He does things, but you can never pin anything on him. I know these boys; I've worked with them for ten years. Johnny is an innocent boy. He has been misled.

Arbitrator: Why don't you bring charges against those who are responsible? Aaron and Vito are on probation.

Bonanno (m): I know it, but I can't prove anything against them. Aaron is way behind in his production. Vito is much less so. They said they would cooperate. For one day they did, and then the next day it was the same as before. It is nothing you can prove. I can't take photographs. I can't ask Johnny to be a witness against his friends. In fact, Johnny's refusal to work is the first definite thing I could pin on any of that gang. I don't want the impossible. This man Pete works overtime sometimes. They give him hell. Johnny is the victim of all this. I know that; still, if he comes back, I'll tell the boss to get someone else to be foreman. I have to have some satisfaction. There must be discipline.

Donati (u): That has to be the keynote. There must be discipline. This

fellow [indicating Bonanno] knows all about unions. [Laughing.] He's a revolutionary.

Bonanno (m): I've been everything. I was a syndicalist; I was a socialist; now I don't know what I am.

Arbitrator: Were you a member of the IWW?

Bonanno (m): No. I was a follower of Emma Goldman ever since I was a kid. I went to Coaltown to picket, and I was in jail for three months. That was the first raw deal I ever got. I was walking along minding my own business and a cop came and beat me up. So I went to jail overnight; and when I went to court, I wanted to have the cop arrested. When I told this to the judge, he gave me ninety days.

Arbitrator [to Peter]: Have you ever done any work like this before?

Paloti (m): This is my first job in the clothing racket.

Donati (u): This is an industry; it isn't any racket.

Paloti (m): All right, industry. It's just a word. I was always good to the other fellows. But I didn't want them to call me names. I was just learning and I don't work very fast, so I came in early and worked overtime sometimes just to help them out. If I didn't get the work ready for them, they wouldn't have anything to do. But they still called me names. I got sore. I asked them why they called me those names and they said because I came in early and worked late. If I lay more, the more they have to mark and cut. I told them I was doing it for them.

Donati (u): No boss can compel you to go into work early.

Bonanno (m): I don't compel him; I just ask him to work overtime sometimes so that we can get the work out. This is only until he learns the work and can work faster.

Paloti (m): I can't help it if I'm not fast; I just wasn't born that way. [To Donati.] If you and I are on one team and I don't produce enough work to keep the rest of the team busy, then I'm no good to the team.

Bonanno (m): This boy is trying to learn a trade. He takes more cloth than is necessary, and it takes him more time. He won't take orders from Aaron and Vito, so they call him names.

Donati (u): When these things come up, I should know about it. If you have a complaint, Pete, you should tell me about it. They have no right to abuse you. This is a good industry and an honorable one. You have the same rights that they have.

Paloti (m): What right have they to tell me what to do?

Donati (u): They have no right to tell you anything. That's what the union is for. You should tell me about anything that isn't right.

Bonanno (m) [to Pete]: He's right. You should tell him of any complaints you have.

Arbitrator [to Donati]: You will have to explain to them just what the union stands for and what it can do for them—what their rights and privileges are as members of the union.

Donati (u): I tried to do that, and they began to mock the union.

Bonanno (m): I think that, between us, Mr. Donati and I can straighten out this problem of Pete's.

Paloti (m): What I'm interested in is my living. I didn't know that I should tell Mr. Donati if anything was wrong. No one told me 'til now. Now I know and I have some support; I have them to protect me. [To Donati.] I didn't know what to do.

Donati (u): I spent three days last week in Hamilton, and what did I accomplish? [To the arbitrator.] You told me to have a meeting of the men. I called one and they were forced to come, by our saying that they would be fined if they didn't. Eight hundred came. They leave and say "Why should we pay dues of 25 cents?" Now this boy [indicating Pete] is wasting his money. It's the use you make of the union that makes it important to you.

Bonanno (m): The boys treated him like a dog.

Donati (u): Then he should come to me and complain.

Arbitrator: I think you have quite a problem in educating the workers. They have to learn what are their rights and what are the management's rights. Johnny thought he had a right to quit.

Bonanno (m): Johnny made one statement in confidence that I don't know if he wants me to repeat here. If not, just let him say that he didn't say it. I'm willing; I won't mind because I'll understand why he denies it. He said, "I have the support of the boys." I feel that you are right, Johnny. It's someone else in back of you that isn't doing right.

Salvatore (u): I did make that statement, but I didn't mean what you say. I meant that the union is in back of me.

Arbitrator: Well, gentlemen, I think that is all we can do today. I'll have to try to get the firm to take you back, Johnny, but I don't know if they will.

Both the union and the management desired a formal decision on this case. Despite his reluctance to render one, the arbitrator accordingly did submit a written decision on the discharge of John Salvatore. Excerpts follow:

In order to improve the quality of the cutting of striped cloth, the management decided to cut single pieces of cloth instead of having it cut in piles as hitherto had been the custom. . . . The management further decided to assign the job of cutting single pieces to John Salvatore. Mr. Bonanno, the foreman in the cutting department, instructed Salvatore on September 12 to do this work. Salvatore refused. When he continued to refuse, after several hours had elapsed, the management discharged him.

The union admits that Salvatore should not have refused to do the work, but should instead, if he had any question as to earnings or any other result, have waited to submit his grievance to Mr. Donati, the union representative. Nevertheless, Mr. Donati pleaded that Salvatore be reinstated because this was his first offense; he had always been a quiet member of the group in the cutting department; to remove him from the job permanently was tantamount to "capital punishment."

The decision of the arbitrator is as follows:

While he realizes the serious implications for Salvatore in not being able to return to employment, he must nevertheless sustain the management in its right to discharge employees for refusing to obey instructions of the foreman. The agreement between the union and the management provides for orderly adjustment of any dispute which may arise. Every workman has the right to invoke this agreement if he feels in any way aggrieved. To permit employees to refuse to carry out instructions of the management would mean the destruction, not only of the efficiency and discipline of the shop, but also of the agreement . . . and the machinery provided under it for arbitration.

The arbitrator cannot therefore see his way clear to order the reinstatement of Salvatore. He hopes, however, that the management will be willing to give Salvatore another chance. He has undoubtedly already learned a lesson from this experience. Such reinstatement, however, must be entirely voluntary on the part of the management. The management as well as the workers have rights under the agreement, and the arbitrator must see to it that the rights of both parties are maintained.

Discussion Questions

1. Define the precipitating event leading to the discharge of Johnny Salvatore in terms of shop administration.

2. What, in essence, was the case (*a*) management urged in support of the discharge; and (*b*) the union urged for its mitigation? Evaluate their respective positions.

3. Analyze Salvatore's behavior in the shop situation, stating your hypothesis as to the various motivations that seem to explain it.

4. Evaluate the administrative problems presented to the union by the testimony of Peter Paloti as a member of the "defense" clique, Johnny Salvatore as one of "The Seven," and Foreman Bonanno as a representative of management.

5. Given the arbitrator's emphasis on the gravity of Salvatore's shop offense, how would you explain his reluctance to render a formal decision? Evaluate the decision which he did finally make.

6. On the "clique chart," indicate the further changes made in the make-up of "The Seven" in this case.

BARTOLO BROTHERS (F)

THE FURTHER DISCIPLINE OF AARON KASTANIAN

During the opening weeks of the next year, a dispute submitted for arbitration involved Aaron Kastanian. Excerpts from the decision upon it, dated January 22, 1941, follow:

This dispute arose when a size 40 front was used on a size 38 coat and a size 38 front on a size 40 coat. The mistake was discovered only after a shipment of 82 suits had been made to the customer. The customer returned all of the 82 suits. An examination disclosed that 28 suits in this lot had either size 38 fronts on size 40 suits or size 40 fronts on size 38 suits.

Mr. Aaron Kastanian was the marker on these 82 suits. He claimed that to

the best of his recollection he wrote the proper sizes with chalk, and attached pink tickets setting forth these sizes; that generally when Mr. Schwartz, the foreman, did not find a pink ticket on a lay, as he examined the work, he would himself pin a pink ticket on it, and copy the size of the lay on the ticket from the chalk marks made by the marker.

The foreman has no recollection of this particular order, but it is a fact that sometimes he would attach a pink ticket on a lay when it was missing and write the size on it from the chalked information left by the marker. In this instance it would have been necessary for the foreman to have pinned a pink ticket on two lays, marking the ticket on the size 38 lay as size 40 and the ticket on the size 40 lay as size 38.

The question before me, then, concerns the responsibility for this mistake. The company claims serious losses: (1) the cost of altering 28 suits, amounting to $51.76; (2) a resale loss of $3 00 per suit for 82 suits, making a total loss of $297.76; and (3) a probable loss of future business from this customer.

It is agreed that Mr. Kastanian did mark these suits; that it was his duty to mark these suits with their proper sizes and pin on each lay a ticket with the size marked on it; that all subsequent workers in all other sections would depend upon the sizes indicated by Mr. Kastanian as the correct sizes.

I find, therefore, that Mr. Kastanian is responsible for this mistake. I cannot, however, agree that he should be held liable for all the damages claimed by the employer on these 82 suits. Only 28 suits were marked incorrectly. The cost for remedying this mistake was $51.76. I hereby assess against Mr. Kastanian liability for the damage to the 28 suits in the amount of $51.76.

Discussion Questions

1. Again give your hypothesis as to the reasoning and objectives of the arbitrator in his decision on this shop episode, and give your own critical judgment upon it.

2. On your "clique chart," indicate the change, if any, that this decision makes in the group organization of "The Seven."

BARTOLO BROTHERS (G)

THE NATIONAL STABILIZATION PROGRAM

By January, 1941, the stabilization program which the union had been evolving for some years reached the Bartolo shop. The program, in preparation since 1933, was directed in 1939 toward eliminating wage cutting as a form of competition. Garments manufactured were to be divided according to quality and quantity of workmanship into six grades. The operations on each garment were listed, specifications set, and a standard labor cost fixed for each.

At Bartolo's, although the quality of garment produced ranked as Grade 4, its price range and out-of-town location were made controlling to bring its rating down to Grade 3. To the consternation of management, the national union's "enforcement officers," after thorough study and discussion, deemed labor costs per suit 17½% below standard. The demand that they be raised accordingly was submitted to arbitration.

Both sides made this arbitration proceeding a hearing of highly formal importance. Mr. Leo Bartolo, although attending both of its sessions (Janu-

ary 25 and February 8, 1941), was represented by counsel who pressed every possible point to delay application of the program to the Hamilton shop. The union was represented by the national director of its stabilization department and the director of its research department, as well as its usual regional director and local business agent. A large delegation of rank-and-file workers also attended, representing the processes particularly involved—pressing, cutting, and sewing. Among the representatives of the cutting rooms were Aaron Kastanian and Guido Battista.

But through the formalities of the hearing, flares of feeling would occasionally obtrude themselves. Mr. Bartolo, for instance, again aroused resentment by dilating upon his special costs for training labor at Hamilton and his competitive disadvantages against Capitol City. The workers in turn angered him by comparing their earnings with those of comparable craftsmen at the Belmont Company. Ultimately, however, the company's case concentrated upon its financial inability to meet these new "standard" costs; a 17½% increase in wages would, they claimed, force them out of business. But as documents and arguments seeking to prove this financial stringency were presented by company counsel, the attitude of the rank-and-file workers became openly derisive. The following testimony then ensued: (Mr. Bartolo's lawyer was Mr. Herbert Kauffman; he, and the presser, Ricardo Scarlati, the marker, Aaron Kastanian, Regional Director Frank Santo, and the arbitrator speak in this excerpt.)

Kauffman (m) [interrupting his analysis of an accountant's audit of the company's books]: The union is at liberty to examine our books and see for themselves that there have been no unusual withdrawals and charges, in spite of the fact that the people working there may think that there is a lot of money being made. These gentlemen [indicating Scarlati and Kastanian] seem to be smirking as I read these figures.

Arbitrator: The workers have adequate representation through their union. You have made it clear that the firm is willing to submit its figures to the union experts.

Scarlati (u): I don't know how a firm loses money and expands every year.

Kastanian (u): What we think doesn't make any difference. We are here like a shadow. Our officers are handling this case. But I just want to say one thing. Some of us started with Leo Bartolo when he began the business about 12 years ago. We know what we have seen. We saw them start with about 20 workers in a little shop, and we see them today. I don't know any firm that grew so fast. We can remember when some of us in the cutting room loaned the Bartolos money to keep them going when they struck a hard place. Once the Bartolos felt like one of us; we worked together and were friends outside the shop too. But now—well we think they've grown pretty big. After all, it's funny to hear we are not familiar with things at Bartolo's; we've seen everything happening since the start.

Santo (u): It's a pretty funny thing when a man says he's sick and still gets fat. The workers only know that the firm is expanding. If that is so, how is it that the owners aren't earning much money?

Kauffman (m): The fact that the firm is expanding may be why it is now losing money. They may be making such a low profit on each suit that they have to try to sell a great many suits. They may have to be able to produce a lot to keep their best customers.

Arbitrator [to Kauffman]: Don't be so sensitive about the way the men may look when you make certain statements. They have union representatives to present their case. Your figures are now on the record; and unless they can convincingly challenge them, it will be up to them to explain the situation to the men. The men have a stake in keeping the firm solvent; they want to hold their jobs. On the other hand, the firm wants to pay wages as good as those in comparable shops.

Kauffman (m): It's not that I'm sensitive, but I think the men are important.

Arbitrator: Certainly the men are important, and previous disputes have led me repeatedly to warn all parties of the dangers in the continued hostilities that sour the spirit at Bartolo's. The union has explicitly recognized its responsibility to work for improved shop relations; the men have been warned that they must maintain discipline and production; the firm has accepted decisions that went counter to its desires in these matters in a willingness to see if we cannot all achieve real improvement in the relationships at Bartolo's. I summarize all this as a reminder to all concerned and a recognition of your objective, Mr. Kauffman. The question on which we are focusing today is, of course, related to this basic problem of the spirit behind relationships at Bartolo's. For a national program of standardization must be translated into terms of the local jobs, earnings, and profit sheets.

The arbitrator decided that the company's proved financial condition precluded—for the safety of the workers' jobs as well as of the business—an award of more than 5% increase in wages for 1941. This aggregate increase was then allocated by joint negotiations to the rates paid for specific operations as listed in the union's price guides and production specifications for the Bartolo shop.

One year later, in January, 1942, the union again approached Mr. Bartolo, with the demand that, in accordance with the stabilization program, he grant a further wage increase and thus move closer to the standard levels for his grade of output. Again negotiations failed to achieve settlement.

Excerpts follow from the arbitration proceedings:

Present for the Management	*Present for the Union*
Leo Bartolo, President	Frank Santo, Regional Director Vincent Donati, Business Agent Norman Jacobs, Director ACWA Stabilization Department A delegation of 14 Shop Employee Representatives.

Jacobs (u): In the arbitration proceedings of January 25, 1941, the union requested that the total labor cost of Bartolo Brothers for a suit be advanced 17½ per cent to bring it in conformity with the standards prevailing under the union stabilization program for out-of-town manufacturers. The arbitrator, moved by what he considered the then delicate financial condition of the firm, decided that only a 5% increase could be granted at that time. The union reconciled itself to awaiting an opportune moment to press for the balance of the adjustment. Bartolo Brothers, along with all other clothing manufacturers, has just gone through a year of unprecedented prosperity. The outlook continues favorable.

Due, no doubt, to opportunities for full-time employment at higher wages elsewhere and the whip of mounting living costs, the workers at Bartolo Brothers have been particularly insistent of late that the union secure the delayed increases. The firm has yielded to these demands to the extent of making a small number of minor upward changes, just as all other clothing manufacturers have had to do in the past seven months. But the following comparison of Bartolo Brothers' costs in coats, pants, and vests with the standard costs in Grade 3 work indicates that there is still a wide disparity.

	Standard Costs	Bartolo Brothers	Deficiency
Sackcoats	$2.9250	$2.6618	$.2632
Pants	.6600	.6314	.0286
Vests	.5700	.5312	.0388
Total	$4.1550	$3.8244	$.3306

However, there are certain savings to which Bartolo Brothers may be entitled on their coats because they do not utilize operations up to the full specifications for Grade 3. These savings would amount to a credit of about 6.52 cents, and would reduce the deficiency in the above table to 26.54 cents, or an indicated increase of 6.94%.

Arbitrator: What actual increase are you asking for?

Jacobs (u): 26½ cents. We are not stating we want a general percentage increase.

Santo (u): Mr. Colton, the sum total of what Mr. Jacobs has said is, I believe, that for the whole garment—coat, pants, and vest—Bartolo pays something like 26½ cents less. Now we want that 26½ cents to be distributed among the lower paid workers.

Several factors contribute to justify an increase in wages. The cost of living at Hamilton is going up every day in the things that these people buy. Second, the textile workers that live next door to the Bartolo workers have received an increase in wages of 31% in the last 18 months. Some six or seven years ago, wages in Bartolo's were very good in comparison with those paid in the Armstrong Company or some of the other mills. Today that favorable differential has been upset. Finally, within our general case for an increase, some sections contain specific complaints, arising especially out of

changes made in operations. Mr. Bartolo has put in an efficiency expert in the last week or two; the firm now demands much better work than they used to. Accordingly, there is the additional complaint that the existing wage rates are out of line with the quality of work demanded.

Our relationship with Mr. Bartolo has always been most pleasant. There had been early troubles, but that is not unusual. One thing we have succeeded in. There has not been a single stoppage of work, or cessation of production in the past year. In this shop we have had uninterrupted production and a spirit of cooperation. It may not show on the books as part of the assets. But at the end of the year, it is there nevertheless.

Arbitrator: Well, now, how about the cutting room?

Santo (u): Oh, things are all right there too, now.

Arbitrator: How about Vito Albani and Aaron Kastanian?

Santo (u): Vito Albani left Bartolo's last spring for a job in Capitol City. Poor Aaron Kastanian committed suicide—he hung himself—in August, I think it was. [Interpolating.] I know what you refer to, but with your help as arbitrator, and with the changes in personnel that have taken place, the air has been cleared.

I know Mr. Bartolo will agree with me when I say our relationships are now cordial and cooperative. We want to keep up this good feeling. Discipline has been established. Production has been uninterrupted, and whatever disputes there were have been adjusted in an intelligent and amicable manner.

To continue such relationships, we must now show these people that peaceful means, constructive, intelligent relationships, bring as good results, if not better, than destructive relationships.

Within these past four months, Mr. Bartolo has made several adjustments and we already have agreed that he should get credit for increases already granted.

[Mr. Donati thereupon listed and explained the increases granted to workers on 10 operations; the readjustments of rates ranged from fractions of one cent to one cent per unit of production. They totaled 4 cents out of the 26½ cents the union was asking.]

Arbitrator: Let us now hear Mr. Bartolo on the general question of the increase.

Bartolo (m): I should like to say first of all that each time we are brought here we are made to appear the skunks of the industry, and that is a bad mark which I don't like for a minute. A list is submitted to our people here, and they seem to see that everyone else pays better. Well, you know how statistics are compiled. If we compiled statistics, I could put myself at the top and have a long stream of manufacturers who don't measure up to what I pay.

Now the increase amounts to something like 26 cents. Four cents has already been given. So that we are quarreling over something like 20 cents or 22 cents. First, I want to say this: the management is very concerned about wages. We would like to be in the top ranks. It is one of our ambi-

tions, but we have been absolutely unable to do so; and we have time and again invited the union and also this office to go through and examine just what our conditions are.

We have been working as efficiently as we know how; but my accountant gave me these figures.[1] These are for the union. This is the gross business —$1,700,000.00—for the year 1941, and the net profits have been $20,-000.00. Now we have no chair warmers in the place, or people who don't work. Everybody is a worker. Donati knows.

Donati (u): That is true.

Bartolo (m): We try to manage as well as we know how. All our interests are involved over there. This is our account; it can be checked by the union. Therefore, if, in my estimation, there are some operations which are underpaid, I am willing to hear about them right here and now. We have separate rates for 129 operations and injustices can arise. But when it comes to a general increase, I think that would be very doubtful. When you see conditions like ours, even after a prosperous year, can you tell us how are we going to get along with higher costs?

Santo (u): All right. Suppose then we take up the special operations first. Let's start out with the armhole finishers and take them in rotation.

[The remainder of the hearing was devoted to the testimony presented by the 14 shop employees in attendance. They submitted individual grievances concerning wage rates. The union representatives and Mr. Bartolo participated in questioning these witnesses and discussing each particular grievance. A number of adjustments Mr. Bartolo accepted immediately. The others were submitted, with the major demand for a general increase of roundly 7% within the stabilization program, to the arbitrator for decision. Expressions of goodwill by the workers toward the management were frequent.]

Some days after this hearing, Mr. Colton called into his office Messrs. Bartolo, Santo, and Donati. He informed them that he had decided, in deference to the financial conditions of the company, to award an increase of only 5%, but that he wanted them to make the distribution so that inequities mentioned in the hearing would be properly adjusted. This the parties did, and the results were embodied in a formal decision.

Discussion Questions

1. Evaluate the principles underlying the "stabilization program" from the viewpoint of (*a*) economic theory; (*b*) the interests of the industry as a

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[1] The figures were:

Net sales	$1,732,986.16
Less discounts and allowances	98,684.98
Net income from sales	$1,634,301.18
Less cost of goods sold	1,485,650.14
Gross profit on sales	$ 148,651.04
Less expenses and taxes	128,336.65
Net profit to surplus	$ 20,314.39

whole; (*c*) the interests of the community; (*d*) the problems of management at the Bartolo company; and (*e*) the Bartolo company workers.

2. Evaluate critically the arbitrator's decisions in the stabilization cases.

3. Note the wage criteria urged respectively by the parties. What weights would you accord to these varying criteria?

4. Compare the "spirit" of shop relations manifested in the first stabilization hearing with that in the second.

BARTOLO BROTHERS (H)

THE FINAL BREAKUP OF "THE SEVEN"

One of the field workers who had conducted the interviews of 1940 visited Hamilton to obtain whatever information and insights he could regarding the suicide of Aaron Kastanian and current relationships in the cutting room. Excerpts from these data follow:

Minzio Bonanno: The situation is much better now. A few bad apples will spoil the whole lot. After the arbitrations, they began to feel some responsibility and things improved. You heard that Aaron [Kastanian] committed suicide? He went away for awhile and said he could not work. He was not crazy any more than you or I; he had a nervous breakdown. He had had one before and we sent him away and paid his doctor's bills. This time he was away for several months and said he could not work. The doctor told him to come back and his wife urged him to come back, because it would be better for him. We offered to let him come in and work half a day. He came in and said that he could not do it. He had the ambition to become an opera singer and was very much disappointed. He did not have much of a voice, but he spent a lot of money taking lessons. I don't think his wife liked him to spend that much money.

Vito Albani went away to Capitol City. Eddie Dekran left and got a job at Tarboro. He's in the Air Corps now. Don Piano is still working in town with Mazzola Brothers. Don was a nice boy. Eddie was a nice boy too; he was just misled. You asked about Johnny Salvatore. He got another job after he left here, but he is in the Army now. I told him I would take him back when he came home. Frankly, Aaron was the most intelligent worker of the lot. We have no teams now that do as well as Aaron and Vito did. The men we have now are learners. Joe Adalian and Guido Battista are the only two left from that crowd.

Paul Bestor: Wasn't that a mess we were in a year ago? We are all paid by the hour now, and that would be all right if we earned what we would make on piecework. I am not making what the other markers got after the arbitration, and I would get more if I was paid piece rates. I wanted to do something about it, but could not stick my neck out and be a punk. You can't say anything around here now. I spoke to young Bonanno [son of the foreman] the other day; but he is a relative, so he is in a tough spot. Most of

these new men are obligated to the boss in some way. That fellow in the glasses over there is a friend of Leo's [Bartolo]—goes out to his house almost every night. He used to be a shoemaker. The fellow with the green shirt over there is a relative of Angelo's [Bartolo]. The man behind him was brought in from Capitol City.

Joseph Adalian: There are a lot of new people around here now. Guido and I are the only old-timers. Did you know that Aaron committed suicide? I do not know why; it was some kind of nervous breakdown, I suppose. We are all on week-work now. It is better that way because they are always making changes. Do you remember the trouble we had about matching stripes? They have girls to do that now. Young Bonanno is marking now. That's all he has ever done. The boss put him in a few years ago and started showing him how to do it.

Peter Paloti: Yes, I have a lot better job than I used to; [Peter is marking singles] but I don't get paid enough because I am only supposed to be a learner.

Arthur Schwartz: I am doing a lot of singles now. [Schwartz is marking.] I don't know how they happened to get so many; they would not tell me anything if I asked them so I never asked. One thing I do know is that they are not getting the production they did. I don't see how they can get along this way. That fellow Aaron took the hard way out—I suppose you heard about it. He was an erratic fellow—in fact, all that gang were troublemakers. But, God, after all the trouble they had, they went and asked Aaron to stay. They tried to keep him.

My family is fine now [smiling]. Did you ever meet my youngest girl? She is working in the office. They have a fine bunch of girls in this place. It's mighty unusual to find it that way. How do they pick them out? Oh, they are all cousins and mothers and aunts.

Outline of a Conversation with Mrs. Kastanian

Mrs. Kastanian lives in a neatly furnished house in Rome City belonging to her mother, who works in a nearby factory.

Aaron had committed suicide. It was very hard to bear. Her face and manner appeared to express a perfectly genuine sorrow. The younger girl, aged eight, had found him. It was very disturbing to the child, because she had not been very well. Aaron's picture had been removed from the wall because the child could not stand seeing it there now. He had been extremely fond of his children.

In the spring of 1941, Aaron had felt very bad for some time. In March they went to Morely and took a little apartment, hoping the change would do some good. They left the children in Hamilton with Aaron's mother and came home week ends. It was an expensive arrangement because he was getting only $35 a week down there. The boss said he might get more later on if he fitted into the work. They stayed there about a month, but Aaron did not get any better and they returned to Hamilton. The Bartolos let him come back to work but, she added with emphasis, "the harm had already been

done." He had been treated so badly for a long time and "they had always been watching him." When they were starting up, it was Aaron who organized the cutting floor and invented the system they use for marking cloth economically. He used to come in Saturday and Sunday for nothing, and plan things out. After they got what they wanted out of him, they had no more use for him. She thought the Bartolos were scared because he might have left a suicide note blaming it all on them. That was what she had heard. All the boys were very nice to Aaron. There was nothing that Joe Adalian wouldn't do. Some people had said that Aaron was not getting on with the boys, but that wasn't true.

Mrs. Kastanian explained that she was lucky to have this place to come back to. With prices going up she did not know how they would get on. When Aaron was sick, she had spent a lot of money on doctors; but it did not do any good. She finally took him to a doctor who told him there was really nothing wrong with him; and that "just about finished him." He was sure there was something wrong. He used to feel a pain in the back of his neck. She used to put ice bags on it for one-half hour, but he would say that he couldn't feel them. That spring (1941) she offered to go back to work and let him rest up, but he would not agree. (She had left Bartolo Brothers because she was not feeling very well.) She thought that he was convinced he would always be ill and that was why he did away with himself. He had a nervous breakdown once before. He had always been sensitive.

Aaron's mother had lived with him since they came to this country. Mrs. Kastanian seemed to take this arrangement as a matter of course. Aaron had been very much attached to his mother. You wouldn't find "many of them nowadays who will treat their mother like he did." He was crazy about the little girls too. There was a piano, and the interviewer remarked that Aaron was interested in music. Mrs. Kastanian said he used to sing and could play a little, but she did not show any interest in following up this topic.

Discussion Questions

1. On your "clique chart" note the changes in the composition of "The Seven" as indicated by these interviews after the stabilization hearings.

2. What seems to be the attitude of (*a*) the remaining representatives of "The Seven"; (*b*) the spokesmen who were members of "The Anti-Seven"; (*c*) cutting-room supervision, present and past (*i.e.*, Bonanno and Schwartz), toward the shop situation?

3. Evaluate the handling of Kastanian, in terms of his whole problem, by the union and by the management.

BARTOLO BROTHERS (I)

THE WAR AND AFTER

Bartolo Brothers, as other clothing manufacturers, adapted its production to fit the nation's needs during the war. The company made military uni-

forms. Many of the men on its work force left the shop for military service.

After the war, the union negotiated with the men's clothing manufacturers a revised agreement which established, in the closing weeks of 1945, a general increase of 15 cents an hour, various piece-rate adjustments, a retirement fund to be cumulated by payment of 3% of payroll, and six paid holidays. The Bartolo workers, of course, shared these gains.

From particular departments of the shop, disputes had come before Mr. Colton now and then during this period for arbitral decision. But on the whole, they were relatively few in number.

Early in 1947, visits to the shop were resumed. Excerpts from records of interviews held during February and March of that year follow:

FROM AN INTERVIEW WITH MINZIO BONANNO, GUIDO BATTISTA, AND JOSEPH ADALIAN

Mr. Bonanno took me to the cutting room, and a little later to Mr. Leo Bartolo. The foreman proudly told me about the quality of their suits. Wells-Park Avenue had recently become a customer of the firm. Everything was peaceful now and everybody was working happily together.

I spoke later to the two cutters who alone of the original "Seven" remained in the department, Guido Battista and Joseph Adalian. "Everything is all right now," Battista said. "Ever since we have been put on week-work there has been no more trouble. Before, you see, different things used to come up all the time. There were little changes and the prices had to be adjusted constantly. But now that we are on week-work, everything is O.K."

Adalian confirmed Battista's remarks, and then went on. "The boss thinks that everything is all right now because the other fellows have left. One of them passed away, you know, and the others all are working over at Mazzola Brothers now. That just shows you if they were really as bad as the boss said they were, they wouldn't be able to work there as well as they do."

Guido told me that a few years ago he was very tired and nervous and had to take a vacation. He went to California for a few months. The boss had asked him to become a foreman. "I tried it for a while," he said, "but I just couldn't take it. There is too much nervous strain involved. You have to be on the boss' side, and yet you don't want to hurt the other fellows' feelings. It drove me crazy. I just couldn't go on that way. I said to the boss that I didn't want the same thing happening to me as happened to Aaron [Kastanian]. He committed suicide, you know." And Joe added, "Yes, it takes a strong nervous system to be a foreman."

Then they talked about Aaron [Kastanian]. "He knew all about the union and what everybody's rights were and he used to defend our rights. Before it all happened, Aaron and the boss were just like that; in fact they promised him he'd grow with the business," Joe said, putting two fingers together. "But after the boss had learned everything he could from Aaron, he figured he didn't need him any more."

Guido took up the conversation. "When they put us on week-work,"

he said, "they were afraid that they wouldn't get production. But that is wrong. A fellow doesn't like to loaf. He works steadily. But when you are on piecework you get tense and nervous and everything that comes up gets you excited. For instance, when the markers made a mistake, we didn't have time to bother, we just cut; but now when we see a mistake, we fix it up. They are getting their production now and they are getting better quality."

FROM AN INTERVIEW WITH VITO ALBANI

Vito is now working at Mazzola Brothers as a marker. "I'll tell you the truth about that case. You see, when you have plaids, they are more difficult to work on than striped materials and it takes longer. We would ask the boss for more money; but when he refused, we went to arbitration. Well, instead of arbitrating prices, they arbitrated our jobs. That wasn't fair. I got the rawest deal from that arbitration. That's right, I got a rotten deal. You can tell Mr. Colton that I think I got a rotten deal; and if you ask me, I'll never go to arbitration again. They put me on probation. Well, I tried to get a job in Capitol City; and when I got one, I went up to Leo Bartolo and told him, 'I'm through here.' He asked me to stay and said, 'After all I have done for you, you are leaving me now.' But I didn't want to stay there any more. We were getting on edge working there. They were constantly picking on us and finding fault with us."

Vito manifestly is still quite disturbed about "the case." "The Bartolos are the most hated people here in Hamilton," he said. "Ask anyone who has had dealings with them; they will tell you so. Money is their God. Angelo Bartolo is a gentleman; you can reason with him, but not Leo. He is excitable and unfair."

He worked in Capitol City for two years and then, he said, Mr. Mazzola gave him a good proposition and he accepted. He preferred working in Hamilton since he is living there. "Mr. Mazzola also," he said, "is a gentleman. He gets excited often, but five minutes later he forgets it—not like Leo Bartolo."

Then he spoke about Aaron [Kastanian]. "They killed him," he said. "He was the finest fellow you could ever think of, but he had a nervous breakdown. He would come to work at that time and would say, 'I can't mark any more, Vito. I can't even hold the chalk in my hand.' I told him to go home and take it easy, and he did. He saw doctors and psychologists and all that sort of thing. One day his wife went out shopping and he was minding the children. When his wife came back, the daughter said, 'Papa is up there hanging.' He hanged himself by his belt."

FROM AN INTERVIEW WITH DON PIANO

Don returned last year from the Navy; he had been in service 3½ years. He likes his work at Mazzola's very much and said that he was happy and he wouldn't return to Bartolo's for anything. He did not, however, display any of the deep antagonism which Vito Albani felt. Even though he is a foreman, he still keeps up his membership in the union. He explained that

he tries to be fair with the fellows. "I know how it is," he said, "since I've been working myself, and I haven't had any trouble since I've been here."

FROM AN INTERVIEW WITH JOHNNY SALVATORE

Johnny said that he enjoys his work at Mazzola's. He had spent five years in the Army and took part in the European campaign. He reminisced about the "fellows" back in Bartolo's, though he did not remember too much about the specific disputes. When he was "suspended," Don Piano offered him a job at Mazzola's and he took it rather than wait around. His wife and mother are still working at Bartolo's.

DISCUSSION QUESTION

1. Evaluate the emotional "intensity" of the reminiscences of the five members of the original "Seven," as clues to their roles in the clique.

BARTOLO BROTHERS (J)

POSTWAR PROBLEMS

On November 10, 1947, arbitration proceedings took place on a wage dispute originating in the cutting room. The hearing was held at the plant of the Bartolo Brothers in Hamilton. The following were in attendance:

For the Company	*For the Union*	
Leo Bartolo, President	Vincent Donati, Regional Representative	
Raphael Macari, Foreman, Cutting Room	August Hansa, Business Agent	
For the Office of the Arbitrator	Joseph Adalian Guido Battista	Cutters and Markers
Mr. T. S. Colton, Arbitrator	Paul Bestor	
John J. Warren, Research Associate	Arthur Schwartz	
	Angelo Serati	
	Samuel Dessandro	

Excerpts from the proceedings follow:

Hansa (u): We feel that there is a little inequality between the wages of the cutters and markers in Hamilton as compared with Capitol City. We also feel that we should have some sort of a graduated scale. We feel that a cutter in Hamilton is just as good as a cutter in Capitol City. We are after $1.99 an hour which is the rate in Capitol City. The rate here is $1.81.

Donati (u): We realize that, in Capitol City, when an employer needs a cutter, he has only to call the union office. In Hamilton, if he needs one, he has to teach him. I do believe there should be some sort of differential to allow for that. We ask for your consideration a 14-cent an hour raise, which would make a four cents' difference between Capitol City and Hamilton.

Hansa (u): Another thing. A layer moves on to cutting; and, after he

has been on cutting for nine months, consideration should be given him regarding a pay increase. The union asks that consideration be given every six months after the first nine months through some three years till he reaches top rate if he shows capacity.

Arbitrator: Every six months after the first nine, for three years? Have you specific rates in mind?

Hansa (u): Yes, I have. A layer will start at $1.17 an hour and stay there for nine months. He should ultimately reach $1.95 within three years.

Arbitrator: You will negotiate yourselves as to what the specific rates between the minimum and maximum should be?

Hansa (u): I believe that, as long as we can get the bottom and top of the ladder set, we can fill in the rest with management. We should also like to have a man learn laying, marking, and cutting, and be a finished craftsman at the end of three years. What has happened here before is that a man has been learning just cutting, and not learning marking.

Bartolo (m): How can that happen? At the end of three years, a man will have a fullfledged cutter's money. When are you going to teach the man to mark? Take any one of these cutters—say they want to go on marking. Am I to pay them, while they learn to mark, the same wage as a fullfledged cutter?

Hansa (u): If you keep a man on cutting, it will take much less than three years to make a machine cutter out of him. Any man after nine months on a machine will be able to produce as much as a man who has been on it five years. He can learn marking too in three years.

Bartolo (m): I have always fought for a 10% differential to cover teaching the men. They compare rates always to the Capitol City market. But when it comes to comparing performance, well, they ignore that.

Donati (u): I want to say again we recognize there should be some differential between a major clothing market and an out-of-town market. But 10% is too much. As a teacher, he has divided his three operations very well. He takes the layers and trains them from the bottom up. Now if a vacancy is created, it would be much easier for you [to Mr. Bartolo] if your cutters were markers as well as cutters. If a cutter has a love for his job, he watches and notices where the chalk mark is made by the other fellows.

Bartolo (m): I will show you that it costs me 10% of the entire payroll to teach these people.

Arbitrator: Let's hear from the cutters.

Adalian (u): Most of the fellows begin here. When they work here nine or ten months, they have some knowledge about the work. When they work a year or two years more, they have more knowledge about the work. So I think if a fellow works two or three years on one job, he is not a greenhorn. When you give him a chance and promote him, he gives more cooperation than if he has nothing else to look forward to. I have been here ten years. Mr. Bartolo promoted many new faces to marking, and many that I had to teach and show them how to work. Maybe I am too good as a cutter and they don't want to change me!

Arbitrator: Do you get the top rate?

Adalian (u): Yes. Mr. Bartolo created this condition himself. Nobody forced him to sectionize the work. He started beginning with the three-man team, and it has been going on right along. A three-man team is more specialized and can produce faster than a two-man team.

Donati (u): I would make a suggestion. A layer has become a full-fledged cutter. I could not expect a firm then to pay him a topnotch rate for marking, which he doesn't know—the same rate, that is, as for cutting which he does know. But to let him go back to the learner's rate, that would be wrong, too. But we could negotiate that.

Bartolo (m): Take individuals: two machine cutters have been here a long time—Guido and Joe—and we get along quite well. These two boys want to go to marking. They get top rate. Should I give them the same amount of money as markers that they have been earning as cutters, or what rate?

Adalian (u): If Mr. Bartolo said that we should go back to the layer's price, that would be absolutely wrong from my standpoint. I think I know something about marking. The only thing I haven't got is the speed, which is going to take time to acquire—three months or six months. But I think it is an injustice to take a man back to $1.17 from $2 an hour. If Paul marks ten sides a day for you, I think I can do seven sides or six sides.

Bartolo (m): I think you are valuable. I don't want a better cutter than you are. How can I take you away from that machine and give you a piece of chalk?

Arbitrator [to Mr. Adalian]: Would you be willing to take a reduction while learning marking?

Adalian (u): I can't say right now.

Battista (u) [interrupting]: I have worked for a long time here; and I have started as a layer. We started cutting on the machine, and I sort of felt more attached to that than any other job. We feel that Mr. Bartolo is right because if he puts somebody else in our place, it will take him more time and more money. Yet we want to learn marking.

Bestor (u): When I was elevated to marker, I marked and soon turned out the same production as any other table. Yet I wasn't getting top marker's pay. You were benefiting from the extra production you were getting from me—until you felt or agreed that we were doing as much work as everyone else. You said, "Paul, next season I will bring you up to top marker." Within that period of time you were using that 10% to teach somebody else. You weren't losing. When I became a fullfledged marker, I was granted an increase in pay.

Arbitrator: You seem to have a pretty stable group among the cutters. These four men have worked here now for a number of years.

Hansa (u): Eighteen, ten, five, and ten.

Schwartz (u): I have worked in a number of jobs; but as far as a marker is concerned, this is the hardest job I have ever tackled. Just because a man has been a good cutter, it doesn't mean that he can do a good job marking.

Adalian (u): If a man has been given a chance, and if he is intelligent enough, I think there is no job too hard for any person to tackle. How did Paul do it? He went on marking and has been a marker for ten years.

[After further discussion in this vein, the arbitrator brought the hearing to a close as follows:]

Arbitrator: I must say that I am delighted to see the kind of spirit that now prevails here.

Ten days later, the arbitrator handed down his award. Excerpts follow:

Before proceeding to the specific problem submitted to me, I must congratulate both the management and the union on the fine spirit which prevailed at the hearing. It was a great pleasure for me to see reflected so vividly in this proceeding the progress that has been made toward mutual goodwill and understanding in the cutting room.

The issue now before me concerns the compensation for men engaged in the cutting department. Considerable discussion at the hearing centered upon the rates in Hamilton as compared with those in Capitol City. On mature consideration, however, I think everyone will agree that while the differential should not be as great as it is now, it also would be neither sound nor fair not to have some differential. In Capitol City, as in other metropolitan markets, trained cutters are available for any concern which needs them. For a smaller, out-of-town market, like Hamilton, the management has to train its own cutters. The considerable investment absorbed into such training should be given due weight.

My decision, accordingly, is as follows:

(1) The top rate for cutters shall be $1.90 per hour; in other words, there shall be an increase of 8½ cents over the rate of $1.81½ which prevails now. [There followed a list of individuals among the cutters and markers who were to receive this top rate.]

(2) With regard to the issue raised concerning progression rates for the cutters, the following procedure is to be followed:

(*a*) When it is decided to promote a man from laying to cutting, he is to receive, as a "beginning" hourly rate, the average which he earned for the last four consecutive weeks as a layer.

(*b*) After six months his performance is to be reviewed jointly by the union and management. If he has shown improvement, he is to be given a reasonable increase commensurate with his improvement.

(*c*) Thereafter his performance is to be reviewed every six months with the objective of giving him a reasonable increase consistent with his improvement, until he reaches the maximum of $1.90 an hour.

(3) There was considerable discussion over the procedure to be followed when a cutter, who has reached the maximum rate, would like to learn to be also a marker, so that he can become an all-around cutter. It would obviously be unfair to expect him to be compensated at the maximum rate of $1.90 an hour, while learning marking. My decision, therefore, is that in such an event, a rate is to be negotiated between the management and the union to cover what they jointly deem a reasonable length of time for learning the marking process.

Discussion Questions

1. Contrast this rate dispute with those that open the Bartolo cases from the viewpoint of (*a*) the union's attitude toward the rate differentials between Capitol City and Hamilton; (*b*) the attitude of the cutters involved; (*c*) the attitude of management.

2. In what *structure of relationships* would you say the parties are now? How would you classify their relationships at the opening of the case record? How would you classify them at the time of the second stabilization hearing?

3. To what factors would you ascribe the prime influences in the transformations of relationships?

4. Contrast the relationships among Battista, Adalian, Bestor, and Schwartz indicated in this hearing with those existing before the war.

5. Evaluate the arbitrator's decision from the viewpoint of (*a*) its settlement of the problem of progression rates and the provision of opportunity for promotion; (*b*) its use of the improved union-management relationship for meeting the job-rate problem.

BARTOLO BROTHERS (K)

THE VETERANS IN THE CUTTING ROOM

During the closing weeks of the year 1947, Mr. John Warren, research associate of Mr. Colton, visited Hamilton. He interviewed various representatives of management and of the cutters; he was also invited to attend a Christmas party given for members of the shop. Excerpts from his records follow:

From an Interview with Leo Bartolo

Bartolo: Good morning, good morning, Mr. Warren. Unfortunately this is a very bad day to see me. Once a year the auditor comes up from New York. But I would like to talk to you sometime.

Interviewer: That is all right, Mr. Bartolo. I understand thoroughly. It is very nice of you to let me talk to anyone in the plant.

Bartolo: That is right, you talk with any of them. My people are all good people at heart. My problem is not with the workers. What we need are foremen. Foremen lack two things. First, they cannot teach. The second thing is, my foremen know nothing of human relations. They don't know how to handle the men. My problem is no different from that of all America. In all business—big and small—America needs skilled craftsmen like me who can teach good quality work, and people from college like you who know how to have people get along.

From an Interview with Paul Bestor

Bestor: Hello, Mr. Warren. I saw you in the plant today, and I have been hoping that you would come over to our department. You may not know it, but this is the department where we make our quality suits. Everything we do here is made-to-measure.

You will want to watch me mark this piece of cloth. You see here is the ticket. It gives all of the measurements. Do you want to know what this man looks like? This is great fun because we can tell just what shape the

man has from these measurements. It is just as if we were artists and were painting. This man has a pot belly. You see this measurement for his waist. What is more, he is short and has broad shoulders.

[Smiling.] You know, people come in the shop and say what an easy job I have got; and I just give them the chalk and say, "You do it." [Paul laughs.] You have to get all of the pieces out of the cloth given you and to make sure to allow just the right amounts in each section of the suit to conform to the body of the man. We really do a fine job here.

You know, actually, Angelo Bartolo is one of the top five designers in America. Men like him you can count on your fingers. The Bartolo Brothers have done a great deal for our town. They are good people and they have had a hard time getting to the top but now they are beginning to be recognized as being as good as Hart Schaffner & Marx and Hickey-Freeman. You know we have our clothes at Wells-Park Avenue and MacIlvain's and Fletcher-Kingman's. If you buy something at MacIlvain's and it is not what you think, you can take it back. That is a great store. So you see they would not handle our suits unless they were first-rate. That is why I say the Bartolo Brothers have done much for us. Their house is always open to us.

You know, Mr. Warren, this is the life. If I were going to choose my job all over again, I would choose the same job I have now. Clothes is a good business. It is clean and you get a kick out of seeing what you make. I feel I get to know each person for whom I make a suit because I know exactly what they look like. Someday if I get a break I would like to go into business for myself; and, if I do, I would wish to go into the clothes business or have my own little shop.

FROM AN INTERVIEW WITH GUIDO BATTISTA AND JOSEPH ADALIAN

Battista: Have you ever seen anyone cut? There are about 40 layers of cloth here. It is very important that I watch the electric knife very closely, for I cannot make a mistake or I will waste 40 pieces of cloth and cloth is very expensive now.

[Guido stops talking and races the electric knife with almost no hesitation around the chalk markings on the top layer of cloth. There are a multiplicity of markings, but Guido skillfully follows the correct ones each time. There is hardly a handful of cloth remaining from the 40 lays when he has completed his machine cuttings.]

Battista: As I was saying, the price of cloth is pretty high; but so is the price of everything. You know all we were trying to do in that last arbitration was to get a few more dollars in our pockets. You know any boss just naturally doesn't want to give in when money is concerned. Leo is no different than any other boss. The boys say "Why is it that Leo argues so over a half cent?" But, when you stop to think that there are so many workers in the plant, then a half cent means a good bit of money, especially when it is 8 hours a day, and then many days in the week, and many weeks in the month, and many months in the year. That half a cent costs Leo a lot of money, and it is just natural that the boss doesn't want to give us more than

he has to. I like it here very much because I have been here since 1929. If I didn't like it I wouldn't have stayed here that long. The boss likes me because he knows I give him quality and production. The boys don't lay down; he knows that. We give him a full day's work. I guess I will be here until I have long white whiskers way down to here.

Interviewer: Didn't you at one time go to California, Guido?

Battista: Yes, that was after I was foreman. It made me have a nervous breakdown. I would never be foreman again. I thought about everything and kept it all inside myself, but that is no good. You have to look out for yourself. Aaron [Kastanian] kept everything inside himself too. I told the boss I couldn't take it any longer; and he told me to take a vacation, to go away for as long as I wanted, and that I could come back any time, for there was always a job for me here. I like this place and the town—it is where I went to school and it is where my kids are going to school.

Interviewer: How many do you have in your family, Guido?

Battista: I have two boys. They are both in school now and they are doing rather well. You know, it is quite a responsibility now to have a family with living costs what they are.

Interviewer: Would you be a foreman again, now that the foreman has more help?

Battista: No, never again, and I wouldn't want to be shop steward either. What do you get out of it except a headache? All you do is argue with the boss for the men, and then try to tell the men about it, and you have to argue with them. No, I am a quiet man. I like to live in peace. No one wants to be shop steward. In fact, we cutters do not have one. Nobody wants the job.

Interviewer: Everything seems to be working out fairly well without one?

Battista: We don't have any problems here. Oh, there is an occasional one like the arbitration. We always thought there was too much difference between the rates of Capitol City and the rates in our town and we thought that about 5% was enough difference. Of course, we know that Leo has to get young fellows in, and we have to train them. It is not like that in Capitol City where you can get an experienced man. Well, Mr. Colton agreed with us—and he gave us 8½ cents more and we are pretty well satisfied.

Adalian: Did you notice our Christmas tree, Mr. Warren? It really makes the shop look a lot nicer and gives you the Christmas spirit. We each gave 50 cents to buy the tree and the ornaments, and the girls have been decorating it during their lunch hour. Last year we had one and we only paid 25 cents but prices are going up. The girls are kind of pretty too, aren't they?

Interviewer: They certainly are.

Adalian: Why don't you come down to my table with me, Mr. Warren? I will tell you something about the Armenians. You know if you listen to any Armenian you will get a story of the world. We have lost faith in the Christian world. You know, if you read the Bible, that we were the first Christian nation; and during the last war England told us "You go along

with us and you will be all right." Then, after the war was over, the Christian world said, "Armenians, you can now be Mohammedans." The Turks came in and massacred most of my people. The few that were left were sent into exile. They only gave our family 24 hours to get out of the country. They told us we could sell our property, but who would buy knowing that we had to leave within a day? My father just shut the door and locked it and then walked away from everything he had lived his life for. Every place we went, it was a bayonet point.

Finally my father, who was a very smart man, said to us, "We can no longer live like this. We must go some place else in the world and start over." I was only 10 years old and all of us owe our lives to our father. He was a professional man—a very good dentist—and he was sending my cousin through medical school in America. Finally he wrote him and said, "Things are going very badly with us. I do not think that we can afford to send you to school any longer. In fact, any moment we may have to run to another city; and I think probably we'll have to come to you, so maybe you had better get a job."

Well, we all came to America, and we got jobs in all the different factories; but we never permitted our father to take a job in a factory. We said to him, "No, you have worked long enough. It is now time for you to take a rest," and we all went to work.

We Armenians are scattered over the world. Is it any wonder we have lost faith with the world? When I say "lost faith," I do not mean that we no longer believe in God; but we have no nation we can call our own. Of course, some of our people went into Russia and we now have the Armenian Soviet Republic. I guess the Russians treat us all right. They don't bother our church or our people, I believe. That is the story of the Armenian people no matter which one tells it to you.

Discussion Questions

1. Contrast Leo Bartolo's distillation of his personnel problems at this time with his appraisal of them at the opening of the Bartolo cases.

2. Contrast the attitudes similarly expressed now—and then—by Bestor, Battista, and Adalian from the viewpoints of (*a*) their craft workmanship; (*b*) the reputation of the company; (*c*) their relationships with management; (*d*) their satisfactions in their job and aspirations for supervisory or union promotion. To what factors—economic, social, interpersonal—would you look for explanation of these changes in attitudes?

BARTOLO BROTHERS (L)

THE CHRISTMAS PARTY

The Christmas party was held December 23, 1947, in the Society of Sicily Hall. Inside it was bright, warm, and clean. At the head of the stairs was Minzio Bonanno. He was "all dressed up" and was exceptionally

friendly, smiling and laughing all the time. With him was Raphael Macari, foreman of the cutting room and brother-in-law of Leo Bartolo. Both men were greeting all comers, shaking hands, pointing out the check room at the left, telling the men there was a bar downstairs, indicating seats at the tables in the hall for some, and locating friends for others.

The hall itself was completely filled with tables, which were already prepared with an *antipasto* at each place. The head table, set for about 10 people, was placed across the width of the room in front of the platform near the door. On the platform were the two men who were hired to provide the music with their phonograph, records, and amplifiers. Down the length of the hall were four long tables each set for about 75 people. When Adalian, Battista, and Warren arrived there were only about 30 people in the room. The women were in animated groups of six or eight in different sections of the room. Tables were filling slowly, each group taking their places as they pleased.

Bonanno: Good to see you; good to see you. We will assign you a table if you wish.

Battista: No, Bonanno. We are going to sit over in the far corner where it won't be messy and where people won't be climbing over us. We want a neat place.

Bonanno: Fine, fine. Anything you wish. Go wherever you want. It's all yours. The bar is open downstairs. Some of the men are down there.

[The group proceeded to the farthest corner and sat in the end chairs.]

Adalian: You see, I told you. There are the demitasse cups. [Joe held it up. A woman from across the room called: "Ah ha! Demitasse—this is the Ritz!" Guido then explained each of the items included on the plate of *antipasto.* Two men from the cutting room joined the group but left saying they would soon return so to save them "seats with the gang."]

Adalian: There's Arthur. Oh, Mr. Schwartz, here we are, over here in the corner.

Battista: Well, I see you're all set, Arthur.

Schwartz: Yes, yes. But what are we doing stuck over here in the corner? We ought to be over at one of the better tables.

Adalian: It doesn't look as if many are going to come—there are hardly any men here.

Schwartz [to Warren]: He doesn't know this town. Why, if it's free everyone will come. Where are you from?

Warren: I live in Capitol City now, but my home is in Indiana.

Schwartz: That's where I belong—in Capitol City. I lived there for over 20 years. I've no business being in this town, but I'm 72 years old; it's too late to change another time. What nationality is that name of yours?

Warren: My parents were born here. It's just American, I guess. Originally it was an English name.

Schwartz: That's what I thought. It didn't sound German. I don't know whether you know it or not, but I'm German. I see you pronounce my name right, but they call me everything here. I try to explain to them how

you sound the "w" (double "a") in my name, but what they come out with is just terrible, simply terrible. I tell them and tell them, but that kind never seem to learn.

[Just then Antonio, the shop chairman for the pressers, comes over to greet Mr. Schwartz.]

Antonio: Good evening, Mr. Schwartz. How are you this evening? [Antonio shows deference and respect to Mr. Schwartz, but does not pay particular attention to any other individual cutter or marker.]

Schwartz: I'm all right. You're all dressed up.

Antonio: We work in Bartolo's, you know. [Everyone laughs.]

Schwartz: So you're English. How did that fellow who came down here last month ever know my name?

Warren: You mean Mr. Colton, the arbitrator? Of course, he remembers you.

Schwartz: Well, it certainly surprised me. He must meet so many people, and it must have been at least five years since he saw me. I would like to learn how to remember names that way. I was foreman at the time of the first case here. I could have murdered every one of that gang in testimony if I had wanted to, but I didn't want to. Well, one of these guys jumped up and said unless the arbitrator put this one guy back to work, they would all go out. You know what that was? It was perjury, nothing but perjury! But this fellow, the arbitrator, he didn't do anything about that—not a thing. He just let it go past. But in any other court they would all have been thrown out of the courtroom. They were trying to intimidate the court. He shouldn't have let them get away with that.

Warren: You say you could have murdered them? I don't quite understand what you mean.

Schwartz: They were a bad lot. I had plenty on them if I'd wanted to use it.

I still don't see how Mr. Colton knew my name. And he asked me about my family too. I have three grown daughters and two sons; the younger is a senior at Yale. He works hard and is a fine student. He is studying engineering. College does wonders for people, especially girls. My youngest girl got married a little over a year ago, and you should have seen how nice her college friends looked. All my children went to college. We have nice looking girls here too. There are nice girls working at Bartolo's. They are pretty and see how they are all dressed tonight. Most of them were worried all day they wouldn't have time to get fixed up for tonight. See that one with the long gloves. And almost all of them have what they call the "new look." Yes, these are nice girls too.

About this time other men from the cutting room joined the group. Several of them were accompanied by their wives, who also worked at Bartolo's. The wives were introduced to all. As groups from the cutting room arrived, Guido would call out to them to come "join the gang." They sat elsewhere.

Actually, there was no room left in the corner where the cutters and markers were seated.

Battista: Why are Rose and Rita and Celia sitting down there? They should come up and sit with us. Call to them, Joe, and see if you can make them hear.

Adalian: But there's no room here. This is a helluva place to sit. We should have had a whole table on the other side.

Schwartz: Here we are sitting in the corner. This is dumb. We should be up at the head table.

By 7:30 a huge crowd filled the hall and dinner was under way. Bonanno and Macari were seated at the head table. The other places at the head table were taken by other workers—mostly women—but no one of particularly important position in the shop. Everyone was calling out to everyone else as friends sighted friends. The girls would wave and throw kisses to the boys in their department. Battista and Adalian were always saying, "There are some of *our* girls." Calling back and forth, accompanied by much gesturing and sign making, continued throughout the entire dinner.

At this point there was considerable competition for the right to tell Warren the story of a queen of Sicily who had many lovers. As the story was told, everyone would add a little by interrupting, or, at least, agree by nodding his head and saying, "Yes, yes," over and over again. Only Mr. Schwartz did not seem to appreciate the story. Two men came up and wanted to know what kind of manners Guido had—they wanted to be introduced to Mr. Warren. When Mr. Warren introduced himself, they both said, "Oh, we know you. Rumors get around fast here." After the dinner had started, another cutter, Cristo Allegro, a brother-in-law of the Bartolos, came in. He insisted on sitting with the other cutters and markers. There were two empty places immediately adjacent at the next table; but he wouldn't sit there, nor would the other markers and cutters allow him to sit anywhere except with them. Everyone moved his place, and Allegro crowded in.

Allegro: Arthur, how is the food?

Schwartz: You remember what I told you this afternoon about the wall of China, don't you? They were feeding the Chinese workers Italian spaghetti, and they were dropping off like flies from malnutrition; then they gave them German sauerkraut, and the wall went up.

Battista: Say, Arthur, you sure ate all that Italian cheese.

Schwartz: Yes, it was real good. You know it comes from Northern Italy —they slip it into Italy from Switzerland, and Switzerland imports it from Germany. My parents came from Hanover. That's closer to Northern Italy than Sicily; and you all come from Sicily, except Joe.

[The waiter approached the table with bottles of wine, imported from Italy.]

Allegro: Arthur, you must try this—it's straight from the Rhineland.

Schwartz: I don't like wine; it makes me sick. We are beer drinkers. Give me some wine in this cup, and I'll see how bad it is.

At that moment four of the men from the cutting room jumped up and, standing erect, gave the Nazi salute, yelling "Heil Arthur Schwartz. Heil Arthur Schwartz." Schwartz was both embarrassed and pleased. When the waiter approached with a huge bowl of real Italian-style macaroni, everyone at the table yelled, "Here comes the sauerkraut"; and they insisted that the waiter give it to Schwartz to serve. Schwartz served Warren's plate, then piled the macaroni on his own. Each time that he pretended he was going to serve Battista, and Battista held out his plate, Schwartz would serve someone else. He gave everyone after himself very small portions, and as they yelled about the size of the serving he would chuckle. Cristo served the peas and salad. Schwartz said, "Give me a couple of peas, Cristo." Cristo served him four peas and, when Schwartz objected, Cristo replied, "You only asked for a couple, and I gave you twice that many."

About midway in the dinner, a man entered the hall; and, as he was seen, a great wave of shouts and yells mounted over the hall. Battista said it was Leo Bartolo's father-in-law, whom everyone liked very much. "He comes around the plant from time to time," Battista said. Neither Angelo nor Leo Bartolo had come. In fact, they had not come by the time the cutters left, shortly after 10:00 P.M.

When a broiled half chicken was served, and the men began to enjoy eating it, Schwartz said, "This is a mess. Don't you serve any potatoes or gravy with this? This chicken isn't cooked right. Who ever heard of broiling a chicken?"

The waiter was then passing out a second can of beer to each guest.

Adalian: We will each take two cans a piece at this end of the table.

Waiter: Well, look who's talking; and I suppose this group is something extra.

Adalian: Of course it is; we are the cutting room.

Battista: There are not 10 people in this whole room who are here more years than we are. We taught these other people what to do.

Schwartz: Don't be so dumb. Anyone knows that not everyone can be a marker or a cutter. Of course, we are a special group. We'll take two beers each.

Adalian: Those pressers are noisy. The whole place is noisy. Why can't they settle down?

The girls began singing Christmas songs. The men started to keep time by ringing the side of their glasses with their silverware. The people at each table would lean far to the left, pushing everyone in that direction; they would then lean far to the right. The swaying motion to and fro was accompanied by loud shouting and laughter. Beer cans were stacked row on row in the

form of a huge pyramid in the middle of the tables, and then several of the men would throw beer cans at the stack, knocking it all down with a crash.

Schwartz: This is all a mess. Say, you said you were English, and we can't understand these Italians. Let's sing *Tommy Adkins* together.

Warren: I'm sorry, Mr. Schwartz, but I don't think I know that one.

Schwartz: But you said you were English. You don't know *Tommy Adkins?* My, my! I can't understand that. Are you sure you're English? Well, we'll sing one I know you know. You've heard the Michigan College song, haven't you? [Schwartz began to sing, "I wish I were again in Michigan"—he finished the song by himself.] Do you like this kind of food? I don't. You know why I eat? Well, once I went to a wake in South Boston with some other men. One of the fellows at the house where the wake was held offered us a drink, insisted on it. No one wants a drink at a wake; but one fellow said—he was a fellow who wouldn't ever buy a drink—"Let's take it, boys. We don't want to insult him by not accepting what's offered us." Well, that's what I'm doing tonight. I try to eat something of everything tonight so I won't insult them. I don't understand them, but I want to get along with them.

Warren: Everyone has been most cordial to me.

Schwartz: Oh, they all get acquainted quickly in their ignorance. But I don't like their familiarity.

Battista: Did you see that? Pete introduced me to his wife, Rose, and imagine—I knew her when she first came to Bartolo's before he ever met her. That's the trouble. Everyone here is married to someone who works at Bartolo's. You'd be surprised how many husbands got wives in the shop and vice versa. I wonder when Leo is coming. He should be here by now.

Adalian: He will probably come after supper is over.

Minzio Bonanno stood up to speak while the ice cream was being served. No one could hear him, but he got a terrific ovation after speaking only two or three sentences, waving, and sitting down. One of the workers led the group in singing two Italian songs in Italian. Guido Battista excused himself from the table and made his rounds throughout the hall, stopping wherever girls from the cutting room were congregated. At each place he stopped, the girls screamed and laughed and pulled at his hair, as he dared them to come out to the plant the next day with some mistletoe. In a short time, Joseph Adalian started to make the same rounds, stopping to see the girls from the cutting room. Again he kidded them, and there was a considerable amount of horseplay. Finally Arthur Schwartz excused himself from the table saying, "I'll have to go over and see the girls. I see that Guido and Joe have already been over there. We have good girls in our rooms, and I will have to tell them how nice they all are and how fine they look." As Mr. Schwartz approached each group, the girls would stand and shake hands, but he would lay his hands on their shoulders, telling them to be seated, speak to them of their beautiful new dresses, ask them each if they were having a nice time, and inquire how they could ever have

eaten that food that had been served them, and then pass on. The girls showed a considerable amount of respect to Mr. Schwartz. There was no horseplay.

Soon the dance floor was crowded. Some of the dances were polkas and waltzes; others were jitterbug. Everyone was dancing his own way, disregarding the music. Battista and Adalian asked Warren to dance with "our girls" from the cutting room. After asking one such girl, each girl that was asked would suggest, while dancing, "Why don't you dance with Grace, next? She is from the cutting room, and she likes to dance." Once when Warren sat down to rest, two girls came over to ask if he would dance with them—Battista had dared them to come. Bonanno made the rounds passing out cigars and cigarettes, and loved his job doing it. Macari was always "putting on a show" on the dance floor, making everyone laugh. Beer and wine were served—quantity unlimited.

Celia, a stripe matcher, typified what most of the girls said about the party: "Isn't this fun? I hope they have this every year. We have been looking forward to it. It is much nicer than ever before. You know it is a real privilege to work at Bartolo's. It is very hard to get in unless you know someone already on the inside. My sister works there—that's how I got in. And I'm glad because we have lots of fun. The only thing about the party is that Leo Bartolo didn't come.

Warren: Maybe he thought you'd have a better time this way.
Celia: Oh, no. He is great fun in himself.

EN ROUTE TO CAPITOL CITY ON TRAIN AFTER PARTY

Warren: What are Don and Vito doing now?

Adalian: Oh, they work at Mazzola Brothers. They have been getting along fine. A few weeks ago they saw me standing on the corner and waved; said they were going to Capitol City for a good time; wanted me to go with them. I told them I had to get home to my family. Don did have some trouble a little while ago. He is a foreman, and someone hadn't told him something a foreman should know. Anyway, he got into an argument with this worker, and both Don and the worker quit. Well, they patched it up and they are both working.

Warren: What was it all about?

Adalian: I don't know much more about it. Anyway the fact that they are getting along over there proves Leo was wrong. He shouldn't have called them gangsters. Aaron's widow works. His two daughters are still in school. The older one is very fine on the piano. Aaron would have liked that.

DISCUSSION QUESTIONS

1. List the actions and sentiments expressed at the party that justify its description as a ceremonial symbolic of the transition from conflict to cooperative relationships at Bartolo's.

2. Contrast the impact of the ethnic factor as expressed at this party by the sentiments of Arthur Schwartz and the Italian and the Armenian workers of the cutting room with the influence of this factor as expressed in the earlier structure of relationships.

3. How would you characterize the "cutting-room spirit" evidenced at the party with that of the initial stages in evolving relationships? State the behavior at the Christmas party, verbal and nonverbal, on which you base your judgment.

4. Compare Arthur Schwartz's reminiscences of "The Seven" at the party with those of Joseph Adalian after it as clues to their respective involvements in the original hostilities and their shop roles, as well as the personality traits which they bring to shop relations.

5. How would you evaluate the place of the impartial chairman in this whole developing relationship?

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