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HUMAN RESOURCES DEVELOPMENT ACT OF 1977

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HEARING

BEFORE THE

SUBCOMMITTEE ON EMPLOYMENT, POVERTY, AND MIGRATORY LABOR

OF THE

COMMITTEE ON HUMAN RESOURCES

UNITED STATES SENATE

NINETY-FIFTH CONGRESS

FIRST SESSION

ON

S. 533

A BILL TO PROVIDE FOR A PROGRAM, TO BE CARRIED OUT THROUGH THE SECRETARY OF LABOR, OF PROJECTS AND AN ADVISORY COUNCIL TO PROMOTE ECONOMIC STABILITY BY INCREASING PRODUCTIVITY, IMPROVING JOB SECURITY, ENCOURAGING RETENTION OF JOBS IN LIEU OF CYCLICAL LAYOFFS, AND PROMOTING THE BETTER USE OF HUMAN RESOURCES IN EMPLOYMENT

SEPTEMBER 27, 1977

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HUMAN RESOURCES DEVELOPMENT ACT OF 1977

TUESDAY, SEPTEMBER 27, 1977

U.S. SENATE,
SUBCOMMITTEE ON EMPLOYMENT, POVERTY, AND
MIGRATORY LABOR OF THE COMMITTEE ON HUMAN RESOURCES,
Washington, D.C.

The subcommittee met, pursuant to notice, at 9:40 a.m. in room 1114 Dirksen Senate Office Building, Senator Jacob K. Javits, presiding pro tempore.

Present: Senators Javits, and Chafee.

Also present: Representative Lundine.

Staff present: James J. O'Connell, minority counsel, Scott K. Ginsburgh and Diane Kamino, professional staff members.

Senator JAVITS. The hearing will come to order.

We meet this morning as the Subcommittee on Employment, Poverty and Migratory Labor to consider the Human Resources Development Act, S. 533, which is sponsored here in the Senate by myself, Senator Mathias, and Senator Hathaway, and in the other body by Representative Lundine of Jamestown, N. Y.

Our effort here is to forge another means by which to improve American productivity, which is seriously lagging, and generally to deal with morale problems, and comparable problems, such as absenteeism, the excessive use of alcohol, or shop level decisions or management decisions. We are looking for techniques that will better contribute to an overhaul of the American industrial system to deal with the deep problem of endemic inflation and endemic unemployment.

[A copy of the bill S. 533 follows:]

95TH CONGRESS
1ST SESSION

S. 533

IN THE SENATE OF THE UNITED STATES

JANUARY 31 (legislative day, JANUARY 19), 1977

Mr. JAVITS introduced the following bill; which was read twice and referred to the Committee on Labor and Public Welfare

A BILL

To provide for a program, to be carried out through the Secretary of Labor, of projects and an advisory council to promote economic stability by increasing productivity, improving job security, encouraging retention of jobs in lieu of cyclical layoffs, and promoting the better use of human resources in employment.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Human Resources De-
4 velopment Act of 1977".

5 SEC. 2. It is the purpose of this Act to promote economic
6 stability through the better use of human resources, to in-
7 crease productivity, to improve job security, to encourage
8 the retention of employees by employers as a policy with

1 respect to countercyclical unemployment, to enhance the
2 quality of working life, and to increase employment oppor-
3 tunities.

4 SEC. 3. (a) (1) In order to carry out the purposes
5 specified in section 2, the President, through the Secretary
6 of Labor, shall carry out, from funds appropriated under
7 section 4, a program of projects which meet the requirement
8 of paragraph (2), through contracts with States, units of
9 general local government, institutions of higher education
10 as defined in section 1201 (a) of the Higher Education Act
11 of 1965, and other employers including labor organizations
12 as defined in section 2 (5) of the National Labor Relations
13 Act. In entering into contracts under this section, the Sec-
14 retary of Labor shall give priority to projects which involve
15 labor-management cooperation. Such cooperation may in-
16 clude the advice, technical assistance, and moderation of an
17 organization or agency independent of both labor and man-
18 agement, such as the Federal Mediation and Conciliation
19 Service, or a labor-management cooperative committee, es-
20 tablished or designated for that purpose by the party con-
21 tracting with the Secretary of Labor.

22 (2) Each project assisted under a contract under this
23 section shall be—

24 (A) a project, involving (i) increased participa-
25 tion of employees in problem solving and the decision-

1 making process, (ii) increased participation of employ-
2 ees, through compensation, or other benefits, in the
3 gains associated with increased productivity by employ-
4 ees, (iii) redesign of the tasks, responsibilities, and time
5 patterns connected within particular units of employ-
6 ment, or

7 (B) a demonstration project designed to clearly
8 demonstrate specific programs, or guidelines under which
9 employment can be maintained at prescribed levels for
10 a specific period of time and advances can be made in
11 productivity and quality of working life including a grant,
12 to an employer in any area where the average rate of
13 unemployment for a period of three consecutive months,
14 as determined by the Secretary, for employees retained
15 as employees who would, but for such grants, be laid
16 off during periods of cyclical unemployment. Funds
17 received under any such grant shall be used only for im-
18 proving the design of the plant or workplace or of the
19 tasks, responsibilities, and time patterns connected with
20 particular jobs, for improving the level or type of skills
21 of employees, or for solving job-related problems.

22 (3) The Secretary shall promulgate regulations, con-
23 sistent with the purposes and requirements of this Act, as
24 well as the National Labor Relations Act, under which
25 applications may be made for assistance under this section.

1 (4) A contract under this section may be made for any
2 fiscal year, and payments thereunder may be made in ad-
3 vance or by way or reimbursement.

4 (5) The Human Resources Advisory Council estab-
5 lished under section 4 shall make recommendations with
6 respect to the administration of the projects assisted under
7 this section and with respect to whether or not such projects
8 achieve the purposes specified in section 2. Such Advisory
9 Council shall conduct a specific evaluation of each project
10 assisted under a contract under this section.

11 (6) When requested by the Secretary of Labor, the
12 Federal Mediation and Conciliation Service shall—

13 (A) advise the Secretary of Labor with respect to
14 the priorities to be established for purposes of deter-
15 mining the projects to be assisted under contract under
16 this section;

17 (B) provide technical assistance to labor and man-
18 agement during the period of operation of any project
19 so assisted; and

20 (C) provide followup technical assistance, where
21 such assistance is merited, after the completion of any
22 such project.

23 (7) When requested by the Secretary of Labor, the Na-
24 tional Center for Productivity and Quality of Working Life

1 shall provide technical assistance to any project assisted un-
2 der a contract under this section.

3 (8) The President shall submit to the Congress a semi-
4 annual report which shall contain a description of the proj-
5 ects assisted under this section and the specific contracts
6 entered into thereunder and the results of the evaluations con-
7 ducted under paragraph (5).

8 SEC. 4. (a) To furnish advice and assistance in the
9 administration of the projects assisted under section 3, there
10 is established a Human Resources Advisory Council (herein-
11 after in this section referred to as the "Council") which shall
12 consist of—

- 13 (1) the Secretary of Labor;
- 14 (2) the Secretary of Commerce;
- 15 (3) the Secretary of the Treasury;
- 16 (4) two Senators appointed by the President pro
17 tempore of the Senate;
- 18 (5) two Representatives appointed by the Speaker
19 of the House of Representatives; and
- 20 (6) six public members, appointed by the Presi-
21 dent.

22 (b) The Council shall elect a Chairman, and shall
23 meet at the call of the Chairman, but not less than twice a
24 year. The members of the Council shall be appointed for

1 terms of two years, except that the term of the first Coun-
2 cil appointed under this Act shall end on December 31,
3 1978. The public members of the Council shall be ap-
4 pointed from among representatives of labor, industry,
5 agriculture, consumers, and the public at large, who are
6 especially competent by virtue of background and expe-
7 rience to furnish advice on the views and opinions of broad
8 segments of the public on matters related to the purposes
9 specified in section 2.

10 (c) Each public member of the Council shall be en-
11 titled to be compensated at a rate equal to the per diem
12 equivalent of the rate for an individual occupying a position
13 at level III of the Executive Schedule under section 5314
14 of title 5, United States Code, when engaged in the actual
15 performance of his or her duties as such a member, and
16 each member shall be entitled to reimbursement for travel,
17 subsistence, and other necessary expenses incurred in the
18 performance of his or her duties.

19 (d) The Secretary of Labor shall furnish the Council
20 with such personnel, facilities, and services as he or she
21 deems necessary to enable the Council to perform its func-
22 tions under this Act.

23 (e) The provisions of section 14 (a) of the Federal
24 Advisory Committee Act shall not apply to the Council.

1 SEC. 5. Nothing in this Act shall affect the rights guar-
2 anteed under the National Labor Relations Act.

3 SEC. 6. There are authorized to be appropriated such
4 sums as may be necessary to carry out the provisions of
5 this Act.

Senator JAVITS. My opening statement will go into the record at this point, without objection.

OPENING STATEMENT OF SENATOR JAVITS

Senator JAVITS. Mr. Chairman, the Human Resources Development Act has been introduced by Representative Lundine, of Jamestown, N. Y., and me, with Senators Mathias and Hathaway in the Senate and numerous cosponsors in the House.

We have developed and introduced this bill because of our concern that additional approaches are required to deal with the serious economic problems that beset our country. The economic outlook, at least as it can be foretold by the various indicators is, in my judgment, a cause of grave concern. Productivity in the private business sector of our economy has been stagnant in recent months, and declined actually in the second quarter of 1977. Unemployment continues to plague at least 7 percent of our labor force, which means that something near 7 million workers are unemployed. Finally, Mr. Chairman, the specter of inflation looms large on the horizon, and may be re-ignited at any time, leading possibly to a new recession.

Given this dangerous set of circumstances, the sponsors of the Human Resources Development Act have set forth a bill which is designed to afford us still another weapon in our arsenal for fighting these severe and profound economic problems. If enacted, it would help in the achievement of price stability and full employment by stimulating improved productivity and job security—not through “speed ups” or the substitution of machinery for labor—but through worker participation in decisionmaking and in the gains of productivity improvement. Our bill would make it possible for our country to embark upon a new plateau in labor-management relations, in which the formation of labor-management cooperative committees would be encouraged, so that mutually beneficial two-way communication could take place and the dignity and creative genius of the U.S. worker could be enhanced.

Mr. Chairman, I believe that it is possible to enlarge further the community of interests of labor and management without dividing the allegiance of workers, supplanting the traditional role of the trade union or vitiating the collective bargaining process—the hallmark of our system of labor relations. Furthermore, Mr. Chairman, I believe the results of our efforts along these lines can include improved productivity, job security, better worker morale and, more importantly, full partnership for the U.S. worker in our system of economic and political democracy.

The Human Resources Development Act, S. 533, would bring us nearer these goals by encouraging the establishment of plant, industry, or areawide labor-management cooperative committees, in which workers and management meet together to discuss common problems and other matters in an atmosphere of mutual trust, harmony, and equality. Under our bill, the Secretary of Labor would be authorized to carry out a program of projects—through contracts—of two types: (1) Projects involving: (a) increased employee participation in decisionmaking; (b) productivity gainsharing; (c) job redesign, and (2) Demonstration projects in employment maintenance concepts, during periods of high unemployment, through job and plant redesign and expanded training.

Under our bill, priority would be given to projects which involve labor-management cooperation, such as with a plant labor-management cooperative committee. I would like to emphasize three major points about our bill:

1. We would not mandate or superimpose labor-management committees from the top—I believe that only where the process is initiated locally, in area, industry, or plant committees, can the maximum benefits of communication and cooperation occur;

2. Labor-management committees provided for under our bill would in no way undermine the U.S. system of free collective bargaining between adversaries—the cornerstone of our system of labor-management relations. In my judgment, labor-management committees can supplement and even elevate our collective bargaining system. If adequate safeguards are installed, such as limiting the deliberations of committees to noncontract subjects like problem solving, productivity gain sharing, and day-to-day plant and shop-floor decisionmaking, there need be no vitiation of our traditional approaches;

3. Our bill underscores the importance of discussing productivity improvement only in conjunction with job security. We must convince workers that productivity growth can be in their own self interest: that there can be a payoff in the form of increased job security and higher wages; and that, conversely, stagnant productivity leads ultimately to economic decline and unemployment.

Now, Mr. Chairman, I don't pretend for a minute that S. 533 contains all the answers to our country's profound economic problems. But, it does offer a positive and creative new approach; perhaps the beginning of a new way of looking at the worker's role in a modern industrial society.

Recently, I have said much about my belief that the U.S. economy is at a great watershed in its development: I am convinced there will be a great need for enlightened new approaches to our economic and social problems in the coming months and years; and the problems associated with unemployment, stagnant productivity and the organization of work and production in our high technology economy are all of major importance.

We have witnesses before us today—from government, unions, the universities and from actual labor-management committees who are all people of vision. I hope they will tell us from their own knowledge and experience whether or not the programs of enhanced worker participation and employment maintenance we have set forth in this bill are efficacious approaches to the problems of our system and our society.

Perhaps this bill does not contain the needed ingredients; certainly it is no panacea for all our problems; and none of its provisions is immutable. But we are anxious to consider ways to help stimulate productivity, overcome worker dissatisfaction and alienation, and improve job security. I look forward to having the benefit of this testimony today.

I would like to express my deep appreciation to the witnesses. We would like to announce also that William Winpisinger, the president of the IAM, who has other commitments, will follow immediately after our first witness, who comes from the Labor Department, Mr. Peter Henle.

So, Mr. Henle, come forward. Do you have a prepared statement?

Mr. HENLE. Yes; I do.

Senator JAVITS. All right, we will include the statement in the record in full. And if you would be good enough to summarize, that would help.

STATEMENT OF PETER HENLE, DEPUTY UNDER SECRETARY FOR ECONOMIC POLICY REVIEW, DEPARTMENT OF LABOR, ACCOMPANIED BY RICHARD SHORE

Mr. HENLE. Senator, we appreciate the opportunity to appear before you. I might mention that appearing with me this morning is Mr. Richard Shore of the Department's staff, who has been involved in this type of issue for many years.

This legislation is concerned with an important but sometimes overlooked aspect of American life, the manner in which American workers can contribute to the improved performance of the American economy. The bill opens an approach whereby the Federal Government can assist management and labor in working together to promote more effective use of the skills and talents of the work force while at the same time enhancing the security and working conditions of employees.

Let me say at the outset, Mr. Chairman, that the Labor Department does generally support the intent and broad purposes of the legislation that you have introduced.

I think, in accordance with your suggestion, I will not read my entire statement, but let me try and pick out some of its most pertinent parts.

I want to talk just briefly about this phrase which is often utilized in this connection, "the quality of working life."

As we see it, this is not necessarily a brandnew issue for the 1970's, as much as it is a new term that has been added to the standard lexicon pertaining to work and employment.

At the same time, the phrase "quality of working life" for 1977 does not have precisely the same meaning as it would have had in 1927 or 1957. We have changing conditions, and therefore, working life and its quality obviously change as well.

Some of the changes include, and some of the issues involved in this phrase are, such things as the opportunity available to workers to utilize their talents more fully, the opportunity to introduce and enjoy some greater degree of flexibility in their patterns of work, education, and leisure, and the opportunity to exercise greater control over the way in which workers perform their jobs, and also the conditions under which they work.

Viewed in this light, the quality of working life is not something new for the Labor Department. I will not go into any detailed discussion of Labor Department programs, because you are certainly very familiar with the range of activities. But when you think of employment and training, safety and health, labor standards, labor-management relations, all of that is involved in the quality of working life.

We do, however, want to call your attention to a few of the research and demonstration activities that are more directly pertinent to the subject of your legislation. For example, we now have in progress, under a contract to the University of Michigan's Survey Research Center, the third in a continuing program of national surveys of American workers. We call this the quality of employment survey. It involves interviews with a representative cross-section of the employed

labor force, and it covers a wide variety of issues such as physical working conditions and health problems, wages and fringe benefits, working hours and work schedules, union activities, and worker involvement in workplace decisions.

Since this is the third such survey, we will be able to make some judgments about changes and trends. The previous surveys were in 1969 and 1973.

We have also supported a limited number of action research projects testing the feasibility and utility of innovative approaches to improving organizational effectiveness, as well as the quality of working life. For example, there is a project now underway which was financed initially by the Employment and Training Administration dealing with labor-management cooperation, and the evaluation of a Labor-Management Committee in the city of San Diego.

Now, in these activities it is important that we proceed without making unrealistic assumptions about working people, management, and the nature of the employment relations. For example, we know that the importance of life on the job will vary a great deal among workers. For some, the job is first and foremost a means to an adequate income, so that activities outside work—family life, leisure time, community programs, or just plain loafing—can be more fully enjoyed. But for others, the job is the focal point of life's energies, and thus offers the opportunity to learn, to develop, and to realize the individual's full potential.

Now, of course, these are illustrative. Most people fall somewhere in between such extremes. We must keep in mind the fact that attitudes toward work are not necessarily fixed, but they are also shaped by the person's experiences and the circumstances he will encounter. In short, we must proceed with a clear understanding of and appreciation for the variety and complexity of human nature, and on that basis set about to develop ways of jointly working toward common goals and, if necessary, be prepared to make compromises that are equitable to all concerned.

I think we are all familiar with the fact there has been a growing interest and consensus regarding the need to develop innovative approaches to improving the economic and social effectiveness of our work institutions. We have had some imaginative and adventuresome experiments, but in the main it seems to us that such efforts have been sporadic, unsystematic, and somewhat inconclusive.

As a result, the sum total of these efforts, although they are quite useful, offer only limited guidance to managers and union leaders, and others who want to build their own joint ventures on a firm foundation of past experience.

As far as the Federal Government is concerned, obviously we must remain strictly neutral in labor-management relations, avoiding pressure on employers or unions to adopt any particular concept on the job, or any particular set of goals for employee-employer relations. But at the same time we can provide some encouragement and some assistance in working jointly toward goals that labor and management themselves have selected.

To some extent the kinds of programs I have mentioned in the Labor Department, Mr. Chairman, have moved in this direction. Other Gov-

ernment agencies, of course, including the National Center for Productivity and Quality of Working Force, and the Commerce Department, have also been active in such activities.

For this reason we welcome the concerns expressed in S. 533. More specifically, we endorse the bill's emphasis on worker participation and labor-management cooperation. There is a great deal to commend in the strategy of undertaking new experimental projects within the framework of labor-management relations, as an adjunct, and not a substitute for the collective bargaining process.

Worker participation in defining problems and developing solutions should stand as a basic element in this effort. While participatory practices of various kinds can be and have been incorporated into innumerable management systems, there are sound reasons for looking with particular favor on those where management and workers are parties jointly to a collective bargaining relationship.

I do not want to deny the value of democratic styles of management initiated by employers with increasing frequency in recent years, but at the same time we must recognize that the participation of workers in the workplace decisions, through their unions, helps to insure that the participation is legitimate and directed to important issues, rather than pro forma practices involving matters of lesser concern. Participation also helps guarantee that the payoff of productivity improvement will be equitably shared. Finally, productivity improvement without an accompanying increase in the demand for products or services can present the prospect of job loss. It seems highly unlikely that employees will fully support work improvement activities without the assurance of continued job security that unions can provide.

Let me just mention that although it may appear to some that labor-management cooperation is kind of a new phrase and a new thing on the labor-management scene, it really has a much longer history in this country than is often recognized.

I remember myself reading, many years ago, about the B & O and the Railroad Shopcraft unions of the 1920's as a conspicuous example of labor-management cooperation.

During World War II, when we had more than 5,000 Labor-Management Committees, that was an era when labor-management were cooperating to try and save costs and improve production during the war effort. Since that time there have been new concepts of labor-management cooperation that have continued to develop and gain acceptance, albeit on a relatively modest scale.

In reviewing this history of labor-management cooperation, it seems clear that the practice has produced somewhat uneven results. There have been both conspicuous successes and disappointing failures. Whether these cooperative efforts, which take place within the context of a historically adversarial relationship, lead to good or ill depends on a host of considerations, including the past relationship between the parties, the nature of the industry, and the economic conditions of the day.

Still, this experience does suggest that the potential for mutual gain is there, and that its realization can be facilitated through appropriate encouragement, support, and mutual trust. If this proposition is ac-

cepted, then the Government can provide a useful service by helping nurture the conditions that are favorable to such joint efforts.

I have a few additional comments on particular items of the bill. Section 3 (B), for example, provides for a somewhat different type of project than those in 3(A)—3(B) deals with somewhat cyclical and also seasonal unemployment, which certainly has been an issue challenging the ingenuity of everyone who has addressed it.

For this reason, I think that the concept presented in section 3(B) deserves careful consideration, but I think it should be quite cautiously developed. For this reason we are not prepared to support this provision of the bill at this time.

Finally, the bill provides for a human resources advisory council with representation from both the executive and legislative branches. We are not at all convinced that such a consultative group is necessary, and the establishment of an advisory council, as you undoubtedly know, would not be in keeping with the administration's effort to reduce such groups.

In closing, let me reiterate my support for the purposes underlying S. 533, and I hope that these comments have done justice to their importance.

Senator JAVITS. Well, they certainly have done justice to the concept and we appreciate very much your appearing. I have just a few questions.

First, what is the administration's plan for dealing with the National Center on Productivity and Quality of Working Life in view of the fact it has been such a long time since any Board members were appointed?

Have you any idea as to what is proposed?

Mr. HENLE. You are quite right, Senator; it has been an extended period of time. At the present time, as you know, among other things, the General Accounting Office is involved in an evaluation of the Center.

That evaluation is mandated by the legislation. In addition, I can report to you that both the Labor and the Commerce Departments are now intensively involved in examining the work of the Center.

We know it has done many constructive things. We want to try and work out a way in which the Center can be integrated with the administration's goals in the labor and business fields.

We have been talking to many of the former members of the Board of Directors and others concerned with the Center, and we hope very much to be able to report to the Congress the results of that study within a few weeks.

Senator JAVITS. In other words, the task force is expected to complete its work in a few weeks.

Is it also considering the desirability of how to set up labor-management committees like the ones we have in this bill; that is, the same task force?

Mr. HENLE. Well, of course, that is a part of the Center's activities. So that definitely would be considered in the report.

You may be interested, Senator, and you may or may not know, but in the construction industry, for example, the Department is quite

proud of the accomplishments of the labor-management committee in the Chicago area that has helped to stabilize employment in the construction industry by bringing together the union people, the construction employers, and the Federal agencies concerned with construction, to try and provide a more regular flow of Federal construction for the city of Chicago—to even out some of the very destructive seasonal ups and downs. I just cite that as one example of the kind of thing the Department has been involved in.

Senator JAVITS. Now, can you tell us if the report will cover the labor-management committee?

Mr. HENLE. Yes; I think I can give you that assurance.

Senator JAVITS. You can give us that assurance?

Are there any other plans that labor or, as far as you know, Commerce has in mind for dealing with the decline in productivity at this time, which was so marked in the September second quarter, and was the first time since 1975?

Mr. HENLE. Well, the productivity issue continues to be a troublesome one and we certainly will agree to that. I am not so sure, Senator, that you should focus in on the productivity figures for a particular quarter. I have spent some time talking to the productivity people in the BLS, who follow those; and you must remember a productivity figure is the result of the movement of output and worktime. And these two series of output and worktime are independently derived from different sets of data. They are not necessarily completely consistent. The measurement problem has always been one to plague that particular set of data, particularly in an inflationary period where prices play havoc with the value of output.

So that those of us who look at it really prefer to have more than just one-quarter of data before we get concerned about a trend.

Senator JAVITS. But it is a fact, is it not, that you are not thinking about or looking at an upward rising productivity curb?

Mr. HENLE. Well, the figures in 1975 and the first quarter of 1976 were quite good. I would be surprised if the downward trend in the second quarter was continued the rest of the year.

Senator JAVITS. But you don't draw any comfort from that—

Mr. HENLE. No.

Senator JAVITS [continuing]. In terms of what we need to do about our industrial system?

Mr. HENLE. Well, I think as you know, the administration is working quite seriously on a series of tax reform measures. And the business tax recommendations will be designed, it is my understanding, to meet this kind of a situation.

Senator JAVITS. Well, thank you very much, Mr. Henle. We will look forward to getting that task force report with great expectation. And if you would be good enough to see that we get it promptly. My staff will be in close touch with you.

We appreciate your testimony and having your colleague with us.

Mr. HENLE. We hope to be able to do that.

[The prepared statement of Mr. Henle follows:]

STATEMENT OF PETER HENLE
DEPUTY UNDER SECRETARY OF LABOR
FOR ECONOMIC POLICY REVIEW
ON S. 533
HUMAN RESOURCES DEVELOPMENT ACT OF 1977
BEFORE THE
SUBCOMMITTEE ON EMPLOYMENT, POVERTY, AND
MIGRATORY LABOR
SENATE HUMAN RESOURCES COMMITTEE

September 27, 1977

Mr. Chairman and Members of the Subcommittee:

Thank you for this opportunity to appear before you today to discuss S. 533, the Human Resources Development Act of 1977, introduced by Senators Javits and Hathaway.

This legislation is concerned with an important, but sometimes overlooked aspect of American life: the manner in which American workers can contribute to the improved performance of the American economy. The bill opens an approach whereby the Federal Government can assist management and labor in working together to promote more effective use of the skills and talents of the workforce while at the same time enhancing the security and working conditions of employees.

In approaching the subject of this bill, let me say at the outset that the Labor Department generally supports its intent and broad purposes. Before examining

its provisions, I think it will be useful to discuss a now common phrase that is often misunderstood and is more controversial than it need be. It is "the quality of working life."

As I see it, the quality of working life is not the brand new issue that some exponents claim it to be, so much as a new term which has been added to the standard lexicon pertaining to work and employment. At the risk of glossing over some legitimate nuances of difference, I think this expression could be used synonymously with other, more common terms used to characterize the general well-being of workers. If "quality of working life" is to become a useful descriptive label, it must be broad enough to encompass the full range of established concerns about such basic needs as economic security, wage and income sufficiency, and occupational safety and health.

At the same time, I think it is important to recognize that the quality of working life in 1977 does not have precisely the same meaning as it had in 1927 or even 1957. Times change, conditions change, and people change. Consequently, we have witnessed in recent years the emergence of issues that have added some new dimensions to what has been called the quality of working life. These are

the issues that I think impart a rather distinctive flavor to this now popular expression. They include such matters as the opportunities available to workers to utilize their talents more fully, the opportunity to introduce and enjoy some greater degree of flexibility in their patterns of work, education, and leisure, and the opportunity to exercise greater control over the way in which they perform their jobs and the conditions under which they work.

Viewed in this light, the quality of working life is not a new topic for the Labor Department. I won't try your patience with a detailed oral inventory of pertinent Department programs in the areas of employment and training, occupational safety and health, labor standards, and labor-management relations. It should go without saying that, as a result of numerous Congressional mandates, the Department operates an abundance of programs that, in various ways, serve to improve not only the welfare of workers, but also the efficient functioning of the private economy. I also want to call attention to a few of its research and demonstration activities since they are germane to the purposes of this bill. We must pay attention to the workers' own expressions of needs and goals, and resist the temptation to project

our own values into them. We now have in progress, under a contract to the University of Michigan's Survey Research Center, the third in a continuing program of national surveys of American workers. This "Quality of Employment Survey," involving interviews with a representative cross-section of the employed labor force, is designed expressly for the purpose of giving workers still another opportunity to articulate their views about themselves and their work. The survey covers a wide array of important issues, including physical working conditions and health problems, wages and fringe benefits, working hours and work schedules, union activities, and worker involvement in workplace decisions. In addition, since this is the third such survey, we also will be able to make some judgments about changes and trends in work attitudes, working conditions, and the frequency and severity of employment problems. Information from the current survey should become available next spring and will help guide us in developing future policies.

We also have supported a limited number of action research projects testing the feasibility and utility of innovative approaches to improving organizational effectiveness as well as the quality of working life.

Only recently, the Employment and Training Administration awarded an initial grant to support the development of an experimental project involving labor-management cooperation in the city of San Diego. Our role in this project is to assist city managers and the union in question to establish and evaluate a joint labor-management committee whose purpose it is to uncover and remedy workplace problems, thereby achieving benefits for both parties as well as better services to residents of the community.

In both our research and policy analysis work, we have tried to avoid making unrealistic assumptions about working people and the nature of the employment relationship. We know, for example, that the importance of life on the job varies a great deal among workers. For some, the job is first and foremost a means to an adequate income so that activities outside work--family life, leisure time activities, community programs, or just plain loafing--can be more fully enjoyed. For others, the job is the focal point of life's energies offering the opportunity to learn, to develop, and to realize their full potential. These are merely illustrative cases, of course, since most people are at neither extreme. In addition, these work attitudes or motives

are not fixed throughout life, but are shaped by a person's experiences and life circumstances.

In short, we must proceed with a clear understanding of and appreciation for the variety and complexity of human nature and, on that basis, set about to develop ways of jointly working toward common goals and, as necessary, be prepared to make compromises that are equitable to all concerned!

There has been a growing interest and consensus regarding the need to develop innovative approaches to improving the economic and social effectiveness of our work institutions. Notwithstanding some more imaginative and adventuresome experiments, in the main, efforts to date have been too sporadic, unsystematic, and inconclusive. As a result, the sum total of these individual, though quite useful studies offer only limited guidance to those managers and union leaders who want to build their own joint ventures on a firm foundation of past experience.

While the Federal Government must remain strictly neutral in labor-management relations, avoiding any pressure on employers and unions to adopt any particular concept of the job, or any particular set of goals for employee-employer relations, it can provide encouragement and

assistance in working jointly toward goals they have selected. To some extent, the Government has begun to play such a facilitative role by stimulating and supporting various kinds of experiments and demonstration projects through the programs of the Labor Department, the Commerce Department, the National Center for Productivity and Quality of Working Life, and other concerned agencies. In conjunction with these projects, the Government also has been encouraging and supporting comprehensive and critical evaluations of experience, and taking steps to insure that the data and insights produced are disseminated in order to encourage its application in new situations. What is needed is a more systematic focus on these issues.

For this reason, we welcome the concerns expressed in S. 533. More specifically, we endorse the bill's emphasis on worker participation and labor-management cooperation. There is a great deal to commend in the strategy of undertaking new experimental projects within the framework of labor-management relations and as an adjunct of the collective bargaining process.

Worker participation in defining problems and developing solutions to them should stand as a basic element in this effort. While participatory practices of various kinds can be and have been incorporated into innumerable

management systems, there are sound reasons for looking with particular favor on those where management and workers are parties to a collective bargaining relationship.

This is not to deny the value of democratic styles of management initiated by employers with increasing frequency in recent years. But we must recognize that the participation of workers in workplace decisions through their unions helps to insure that the participation is legitimate and directed to important issues, rather than pro forma practices involving matters of lesser concern. Participation within the framework of union-management relations also helps guarantee that the payoffs of productivity improvement resulting from innovations in work practices will be equitably shared by workers and employers. How to cut the pie of productivity gains is a decision best made jointly by management and labor. Finally, productivity improvement without an accompanying increase in the demand for products or services can present the prospect of job loss. It seems highly unlikely that employees will fully support work improvement activities without the assurance of continued job security that unions can provide.

Contrary to its appearance of novelty, labor-management cooperation, principally through joint committees, has

had a much longer history in this country than is often recognized. Taking root perhaps 50 years ago (the B & O Railroad shopcrafts being a conspicuous example of the 1920's) cooperation literally flowered during the years of World War II, when more than 5,000 labor-management committees operated in production plants. Although this was the high point of committee development, since then new concepts of labor-management cooperation have continued to develop and gain acceptance, albeit on a relatively modest scale.

Examples include the Scanlon Plan that provides for both worker participation for greater efficiency as well as sharing in the gains of productivity improvement and recent developments of joint labor-management efforts in the steel industry.

In reviewing the history of labor-management cooperation, it seems clear that the practice has produced uneven results. There have been both conspicuous successes and disappointing failures. Whether these cooperative efforts, which take place within the context of an historically adversarial relationship, lead to good or ill depends on a host of considerations, including the past relationship between the parties, the nature of the industry, and the economic conditions of the day. Still, this

experience to date does suggest that the potential for mutual gain is there and that its realization can be facilitated through appropriate encouragement, support, and mutual trust. If this proposition is accepted, then the Government can provide a useful service by helping nurture the conditions that are favorable to joint efforts.

Let me turn now to Section 3(B) of the bill which provides for a quite different type of project than those of Paragraph (A). The two, as I see them, merit separate attention and could be treated independently of one another if so desired.

Cyclical and seasonal unemployment has been a persistent problem that has challenged the ingenuity of everyone who has addressed it. For this reason, I believe that remedies such as the concept presented in Section(B) of the bill merits careful consideration. However, I also think that the idea should be cautiously developed, even in a limited demonstrated effort.

If Federal funds were to be allocated to projects of the kind described, I suggest that great care be exercised lest they be misperceived as a government wage subsidy, which I'm sure is not the intent of the bill. The explicit purpose of government funding should be to test the feasi-

bility of the proposal, a limited demonstration program with provision made for a full assessment of its costs and benefits. We are not therefore prepared to support this provision of the bill at this time.

My final comments concern the bill's provision for establishing a Human Resources Advisory Council with representation from the Executive and Legislative branches of Government as well as the public.

We are not at all convinced that such a consultative group is necessary and the establishment of an Advisory Council would not be in keeping with the Administration's effort to reduce such groups.

In closing, I again want to reiterate my support for the purposes underlying the introduction of S. 533, and my hope that these comments have done justice to their importance.

Senator JAVITS. Thank you.

Next, Mr. Winpisinger.

Thank you very much for appearing and helping us in deliberating on this problem.

Your whole statement will go into the record. We would appreciate it if you would summarize it, if you can, in 10 minutes.

STATEMENT OF WILLIAM W. WINPISINGER, INTERNATIONAL PRESIDENT, INTERNATIONAL ASSOCIATION OF MACHINISTS AND AEROSPACE WORKERS, AFL-CIO

Mr. WINPISINGER. I will do my best, Senator.

Thank you very much for the opportunity to submit this statement and especially for helping me accommodate a busy schedule this morning.

Senator JAVITS. I understand you have to leave.

Mr. WINPISINGER. I think it is important in terms of our testimony, Senator, to note that the machinists' union is one of the five or six of the very largest in our country and probably is among the most diversified in all of its many activities.

We have contracts with over 12,000 employers. Our members are employed in establishments ranging from five to the giants like Continental Can, Lockheed Airline, Boeing Airline, United Airlines, and so on, right down to the small one-, two-, five-man shops in auto repair garages and similar establishments all over the country.

And although we started out originally as a craft organization many years ago, today we count among our members everything from the most unskilled to semiskilled production workers right on up to tool and die makers and technicians and professionals in some 300 industries in our country.

I think on that basis and given the problems that this legislation attempts to address, you and your subcommittee and the members of our organization have a great deal in common. I think, however, there might be some differences in perspective when we look at the objectives of the legislation, Senator, with regard to where we sit when we look at it.

I would like to make a few general observations about worker apprehension, therefore, with regard to these many efforts to increase productivity and job satisfaction.

I think over the long run everybody agrees that worker productivity is the key to a high standard of living; but increased output per man-hour by its very definition causes unemployment. And that is especially true in the short run. And a lot of workingmen and women simply cannot wait for the long run.

And a lot that I know personally, that I see regularly, have a great deal of trouble of getting by from payday to payday. So for them it is a matter of immediacy, and what their immediate situation would be.

We found in a recent survey that the average wage rate of our members is \$6.11 an hour. Quickly stated, that means that the average member of our union works 40 hours a week, 52 weeks a year, and winds up with an income of \$12,729, which is about \$3,000 less than our own BLS tells us is necessary to maintain a moderate standard of health and decency for a family of four.

So, even if our average member is fully employed, he or she winds up substantially lower than what is considered that modest standard of living. And a lot of them, of course, do not get those kinds of employment breaks.

When we talk about unemployment levels of 7 or 8 percent, we tend to forget that not only that 7 or 8 percent of the workers in our country is affected, but the total impact on unemployment embraces 25 percent of the balance of the work force whose annual income is discommoded because one in four American workers get some shortages in their incomes throughout the year by layoffs or some other interruption in their employment.

So you have fully 25 percent of the work force partially unemployed. And it is a very serious consequence to them as to what happens.

When laborsaving devices or techniques are introduced, these workers almost always assume, based on the past primarily, or their own experience, that something is going to go. And they know it is usually, at the very least, their overtime, and at the very worst, their jobs. And that is all that ever stands between them and a constantly advancing inflation which reduces their standard of living.

I guess the point I am trying to make is that increased productivity, which is the thrust of all of this, does not necessarily stimulate full employment. In fact, I think in a lot of places, unemployment is directly traceable to much of the automation, computerization, and so forth that has already been introduced into the Nation's factories and offices.

I guess that is why in the final analysis the workers just do not share Government's and the management's enthusiasm sometimes for such concepts as are embraced by the legislation.

And when management talks about job satisfaction as a method to increase production, a worker is prone to look at it in terms of it being just a device for what we used to call a speedup many years ago.

I think it is true, too, that in labor-intensive industries there is not very much that can be done to increase productivity with current methods. "Work harder" is often the exhortation used by management, but I think we all agree the human body has its limitations. There is a limit to how hard people can work. And where labor is the major determinant of cost of production, the principal means to lower unit costs, and therefore increase profits, is to reduce wage costs, increase the output per worker, or some combination of both. And I think that is exactly why so many light manufacturing firms, which are very labor intensive, have found it profitable to leave America and go overseas with their operations.

And I think it goes without saying that those workers overseas that take those exported jobs, Senator, cannot be any more productive under the same conditions than those that were abandoned here in America. They work often longer hours, and always at lower wages, and for the most part without the benefit of safety and health, or work standards, or fringe benefits comparable to our own.

And I think productivity has very little, therefore, to do with the flight of light industry that we see from our country.

Now, in the case of capital-intensive industry going overseas, as many of them are also going, I think it produces a further drag on the indigenous economy, and makes less and less capital available

to increase, with capital improvements, the ability of the work force to produce more. And I think all of that just boils down to the appropriate role that management has enjoyed, to maximize profits.

So I think international trade has to be one aspect when we look at this whole problem.

I should make it clear, though, lest I sound too negative at this point, that we never have opposed technological progress. In fact, we have felt that our members and the country as a whole have been the beneficiary of it. And we are equally not against the idea of more worker satisfaction. I like to think that has been what we have been trying to do since our founding nearly a century ago.

We have tried to do it by traditional means of job safety, seniority rights, grievance procedures, and so on. But today when management begins to talk about some of these rather esoteric schemes, a lot of workers do not really know what they have in mind, and are prone to jump to the conclusion that the purpose of job enrichment is the same as that of automation, to get more production with less labor. And in the old days they used to call that time and motion study and did it with stopwatches.

Today a lot of them are doing it essentially with questionnaires, but with equally identical objectives. And I think that workers have the legitimate fear that the rewards of any increases in productivity are not always equitably shared. They therefore, on that account, lack some enthusiasm shared by others.

I think our union is very, very familiar with the entire Jamestown experience, which was founded basically on the initiative of then Mayor Lundine, and now Representative Lundine. And there is no need to burden the record with the details of that. Our members have been deeply involved in it. And indeed, a business representative of our union is the labor cochairman of that effort.

And while that effort has not been totally free of problems, there is no doubt whatsoever that it has generated a new spirit of cooperation between labor and management. Strikes have been substantially reduced, and the skills of the work force have been upgraded, and productivity has risen. And there are some instances where some of our members have tied their wage rates directly to their productivity. And I think probably most notable of all, the climate of that area for industry has brightened considerably.

One large initial employer has moved into the area, and two existing firms have made major expansions, which is in direct contradiction to the exodus that was in effect prior to the experiment beginning.

So, as a participant of that success, as well as many other projects of a similar type all over the country—and I learned about some additional projects this morning from the folks in the National Center, which I was not even aware of—it could be said that we are fully in favor and in agreement with the objectives of the bill.

We believe that a Federal program administered by the Secretary of Labor—and I want to drive that one home, because there has been some propensity in some quarters, I understand, to consider the Commerce Department for the repository of this legislation, and I would think it properly belongs in the Department of Labor—and a program thus conceived, which fosters higher productivity through the coopera-

tive efforts of labor and management, can help a lot of other communities in this country to achieve what was achieved in Jamestown.

And we especially favor the priority for grants for supporting projects that are designed to keep workers employed, who otherwise would have been laid off during periods of cyclical unemployment.

I think we are all aware of the cost of supporting the unemployed as being very, very great. And to the extent that we can channel some of that horrendous current cost into the kinds of efforts that will keep people on the job, and working, as opposed to helping them survive being unemployed, we will all benefit, and the communities will benefit.

Job maintenance of that kind certainly has some very firm roots in other countries, notably Japan. There are some projects right here in our country where it has proved very beneficial. And I understand from some of the work that the Japanese corporations have done, Senator, that when workers are put on problem-solving kinds of exercises during periods of what otherwise would be cyclical unemployment, that there is a direct return to the management in terms of product quality, job safety, energy conservation, and so on, which actually is incrementally greater than the dollars that are spent on the job maintenance projects.

In concluding, I would simply call attention to three precautionary observations. First, I think it needs to be made clear, either in the bill itself, or for sure, in the legislative history, which will serve as the ultimate guide to the Secretary of Labor in its administration, that labor-management committees established under the authority of S. 533 should be considered as a supplement to, rather than a substitute for, collective bargaining. I think that ought to be made very clear.

Second, I think we need to have some firm assurance that Federal grants will not be made in a manner that gives nonunion plants or areas a competitive edge over union plants or areas. I think that is very important, because we have had some very bad experiences with plant improvement loans reported to us over the past few years, plant improvement loans under the Rural Development Act of 1972.

And we have had some—primarily Northern industrial establishments, which are organized, and with whom we deal in collective bargaining—they had their No. 1 competitor located somewhere in the South, and it was the recipient of a rather substantial Federal grant, and competing unfairly as a consequence of all of that. And we would prefer no law at all to one giving entrepreneurs in right-to-work-for-less States any more of a competitive edge than they already enjoy due to their lower wage rates.

And lastly, I want to express a concern that I think is shared by many people in the labor movement. There seems to be a real fear that some Congressmen and Senators may view this bill as a way of bypassing H.R. 50, otherwise known as the Humphrey-Hawkins balanced growth and full employment bill. And if those two pieces of legislation were being considered on an either/or basis, we would, of course, much prefer the Humphrey-Hawkins solution.

I do not personally believe, and my testimony over on the House side indicates that I do not believe that such an either/or approach is necessary. The enactment of this legislation along with Humphrey-Hawkins would, in my judgment, entail no irreconcilable conflicts,

because both are aimed at the same problem, which is basically the problem of unemployment, and both offer solutions that are complementary rather than contradictory.

With those few observations, Mr. Chairman, I appreciate very much the opportunity to put them in the record, and would be happy to respond, if I can, to any questions that you may have.

Senator JAVITS. Well, thank you very much.

You are a very sophisticated man, and I need not emphasize to you the value of such an important and large a union as the IAM expressing itself favorably to this bill. While I appreciate all the caveats you mentioned about the union's concerns—including the draining away of jobs by either highly automated processes, or the activities of major corporations abroad—you do come down on the side of the bill on balance. And after all, that is what life is all about. And it is based not only on theory, but from your hard experience, especially with Jamestown.

I might tell you that Congressman Lundine, who was then the mayor, was one of the very few people in the country, let alone my own State, who latched onto my own campaign for labor-management committees, and made a great thing of it.

As a matter of fact, I had a lot to do with getting Cummins Engine Co. to take over a plant in Jamestown, precisely because he was in the forefront of the thinking. And I tell you that my fellow Republicans in New York were not too happy about that, but I believe in it, and it is critically important.

I just have one or two things I would like to ask you. One, I will not belabor the obvious, but because we are living in the real and not the imaginary world we have to be careful that no trade union member has any fear of the labor-management technique as in any way weakening his collective bargaining stand and his dependence upon collective bargaining.

So, first, I would like to assure you that that is the furthest thing from my mind. On the contrary, I see it as a strong technique to lend new credibility to union leadership, because it is another dimension, and another expansion of the workers' participation and opportunity.

And I would be very grateful if you would give us your feeling on what is the effect, as you see it, Mr. Winpisinger, of the labor-management technique, such as Jamestown, on the efficacy and strength of the collective bargaining position of trade unions.

Mr. WINPISINGER. I think, without question, Senator, as an extension of collective bargaining it has been a very rewarding and very valuable tool, because I think the primary thing it has done is open up communications between the whole community of labor and the whole community of management. And when you have the rather warlike atmosphere that seemed to prevail in Jamestown—and I worked up there myself as a fledgling representative many years ago, and am familiar with it, and I was in some of that guerrilla fighting, and know about some of the rough and tumble type things that went on—

Senator JAVITS. I would say it was one of the toughest towns in the country, let alone New York.

Mr. WINPISINGER. Hostilities were high, and we spent a disproportionate part of our time, Senator, planning the next attack, or the next defense, as opposed to doing something really constructive about the advancing of the interest of the workers and, consequently, the community. So it did open up communications. And as a consequence of that, people find out that nobody bites the hand that feeds them in reality.

And the dialog got started. And you begin to emphasize, you know, those things on which you agree, rather than constantly dramatizing to the nth degree those things that you disagree on. And slowly, but inevitably, with the help of some resourceful folks—and that is a role I think the National Center can play a very critical and vital role in furnishing competent third parties who are trusted mutually by both management and labor, to begin the nuts and bolts part of the operation of getting it started—but communications is the best thing that opens it all up.

And it has been invaluable as to all the fallout that comes in the direct labor-management relationship in collective bargaining, Senator, because you begin to understand the other man's problems, you begin to talk about them, and you begin to perhaps make some accommodations that are mutually beneficial. And that is what bargaining is really all about in the final analysis.

Second, he can have an effect on all kinds of rewards from his sized what you should emphasize, your solicitude for the workers' overall position in the short term. And you are right. The workers have a tough enough time getting from payday to payday.

We high-level thinkers had better remember that up here. So I appreciate that very much, but I would ask you this.

Is is not a fact that we do have an opportunity—and I emphasize that word. I have no illusions about these things. And I am sure you know that.

We do have an opportunity, very materially to broaden the workers' enjoyment of life. That is really what I had in mind.

In the first place, we know the worker gets a kick out of participating in the higher level decisionmaking at his workbench.

Second, he can have an effect on all kinds of rewards from his brother workers. There are plenty of people, you know, that need a hand—whether it is excessive use of alcohol, or excessive absenteeism, or to have a rap session with a friend—this being an organized way of doing that kind of thing.

I noticed your emphasis on productivity. And I think while productivity is critical, we both realize that productivity must be coupled with markets, and that productivity has a very heavy relationship to morale, what the Center calls the quality of working life.

And the thing that I would like to emphasize is that what I am looking toward, and what this bill is looking toward, is to really make the worker a partner. That does not mean he cannot fight for his rights through the unions, et cetera. We know that that tension is what produces justice in any free society. But it does mean that he will also have a better outlook on where he is going, and where his employer is going, how much of a pie he is getting, and whether it is a fair one.

It will give him a much better insight. Just like we find that most people are honest, and every American experience indicates that the overwhelming majority of people are very honest in money terms, so I think one of the great virtues of our country is that our working force is not resentful. They do not mind the boss getting \$250,000 a year if he is producing the goods, and selling the merchandise, and has a clean, honorable plant.

Also, people have to look a little bit beyond the end of their noses, whether that relates to exports and imports, or whether it relates to automation. After all, where did you get the 8-hour day and the 40-hour workweek?

You know, our ancestors worked 72 hours, and they were lucky enough not to starve to death. All of those things are, and should be kept in mind. I cannot tell you the great gratification, therefore, I have that a trade union leader like yourself should have some feelings for the same concept.

Now, as to the worry about Humphrey-Hawkins, Humphrey-Hawkins is an enormous planning concept that calls for billions of dollars in expenditures or credits. There is no doubt about the need for implementing the Employment Act of 1946, and that is what Humphrey-Hawkins is all about.

Humphrey and I also have a planning bill, and you may know this, which Humphrey-Hawkins is very heavily drawn from. Let me assure you that it is really apples and oranges. The measure, we are considering today has no such pretensions. It proposes essentially an approach to a new dimension of labor power and management power for when a town is in trouble like Jamestown.

The other is a vast national effort to deal much more in detail with our greatest resource, which is the human resource. So I want to give you every assurance that while some people may try to pretend that this represents what Humphrey-Hawkins does, there is absolutely no relationship of one to another—except one of facilitation.

Mr. WINPISINGER. Well, let me say, Senator, perhaps as a final comment on the record, that what is in my statement on that score is probably more in the nature of self-defense, Senator, in terms of convincing some of my colleagues they ought to come out of the woodwork and support this, than it is in limiting any advocacy of the legislation. But I am confident that you, Mr. Chairman, as the chairman of this committee, do not intend to water down or demean, or in any respect deter, the course of Humphrey-Hawkins and the important aspects that it has.

I might say, as well, that probably the principal reason that we come down in our shop on the side of supporting this kind of endeavor is the lessons of the past. We were one of the foremost organizations standing on the threshold of the great automation push a few years ago.

In fact, we financed a joint institution up in New York to analyze the impacts of automation, and the final result on employment. We found it was very beneficial, that more and better jobs were created, in large part, at least in that era, by that sort of introduction of new technology.

On this occasion I am less than convinced that in this city, for example, that job enrichment really will achieve all the lofty goals that its proponents expect for it. I think it is, to some extent, still a mythical sort of a jungle out there. But since we already have the mechanism in place for gain sharing, which is really the bottom line of all of this, and we can look out for ourselves, as they say, in the gain-sharing aspects, and we do not develop any distortion there if we bargain effectively, then why not experiment and see what we can do.

I am impressed with some of what I have seen. I started off full circle, and I have come, I guess, half circle now. And if we continue to enjoy some of the successes I have seen, I will come full circle on the question.

I am delighted to say that because we have fostered experimentation from the top, we have probably more local unions in the country engaged in it right now than any other organization, with the UAW, I guess, running just about neck and neck.

Senator JAVITS. I am very grateful to you, and I would like to affirm the leadership example given by the International Association of Machinists.

Congressman Lundine has sent me a copy of a letter addressed to him by Howard Paster, the legislative director of the United Automobile Workers, in which he states that:

"The Organization is prepared to support, with some changes"—just like your statement—essentially the thrust of this bill, he says.

And without objection, Congressman Lundine's letter will go into the record.

Mr. WINPISINGER. Thank you very much.

[The prepared statement of Mr. Winpisinger and the letter referred to follows:]

Testimony by William W. Wimpisinger
International President

International Association of Machinists
and Aerospace Workers, AFL-CIO

Before the
Subcommittee on Employment, Poverty and Migratory Labor
of the
Senate Committee on Human Resources
On S. 533, The Human Resources Development Act of 1977

Washington, D. C.

September 27, 1977

Mr. Chairman, distinguished members of this subcommittee.

My name is William W. Winpisinger. I am President of the International Association of Machinists and Aerospace Workers.

Without burdening the subcommittee with detailed documentation let me note for the record that the Machinists Union is not only one of the five or six largest organizations of workingmen and women on the North American continent, but is also one of the most diversified. We have contracts with more than 12,000 employers. Our members are employed in enterprises that range in size from such well known business names as Lockheed, Continental Can and United Airlines to small machine shops and auto repair garages in every corner of the country.

Although we started out in 1888 as an organization limited primarily to skilled journeymen on the railroads, today we represent everything from unskilled floor sweepers to semi-skilled production workers to highly skilled tool and die makers to white-coated technicians and professionals in some 300 industries.

I have provided this brief thumbnail sketch of the Machinists Union to indicate that this committee's objectives, both generally and in the specific legislation before us today, are matters of everyday concern to those for whom I am privileged to speak.

Mr. Chairman, when you invited me to come here today and comment on S. 533, the Human Resources Development Act of 1977, you stated that members of your subcommittee are especially interested in finding fresh approaches to improve economic performance, prevent cyclical layoffs and enhance job satisfaction. Let me say that in this respect members

of your subcommittee and members of my union have a lot in common. However, there are some differences in the perspective from which these objectives are viewed. So before I address myself to the specific provisions of S. 533, I would like to make a few general observations that will, I hope, help to explain some common worker apprehensions about efforts to increase productivity and job satisfaction.

Everyone agrees that over the long run increased worker productivity is the key to higher standards of living. Increased output per man hour of input, though, by definition, causes unemployment at least in the short run. But workingmen and women cannot always wait for the long run. In fact most of the ones I know seem to have trouble getting by from pay day to pay day.

It may interest you to know, for example, that we recently ran a union-wide survey of the hourly wage rates of our members. We know that on the whole these members are better compensated, both in wages and in fringe benefits, than non-union members in similar occupations. We found that the weighted average hourly wage of our membership amounts to \$6.11. That means that if an average member is fully employed 40 hours a week, 52 weeks a year, that member's annual income will come to \$12,729 -- which is about \$3,000 less than the Bureau of Labor Statistics says a family of four needs to maintain a moderate standard of health and decency in an average American city. Thus, even if our average member is fully employed, he or she is substantially below what is considered a modest standard of living in the United States today. The fact is, however, that the odds on an average worker's being employed 40 hours a week, 52 weeks a year are none too good. When people talk about rates of unemployment

ranging between 7 and 8%, they tend to forget that unemployment is a scourge that afflicts many more than 7 or 8% of the total work force. Much more significant, in terms of unemployment's total impact is the fact that during the course of any given year one worker out of every four suffers a layoff of one kind or another. Such a layoff may last no more than a few days or a few weeks, but the result is that each year the already inadequate incomes of 25% of the industrial work force are further diluted by layoffs.

Though it is easy for business men and economists, and even union leaders, to rhapsodize on the virtues of increased productivity, the people who are most directly affected, those down on the factory floor, have reason to be skeptical. When labor-saving devices or techniques are introduced, factory workers can generally assume that something's going to go. It may only be their overtime, which helps them keep up with the cost-of-living, or it may be their job, which is all that stands between them and a long wait in the unemployment compensation, or the welfare, line.

The point I am trying to make, Mr. Chairman, is that increased productivity does not necessarily stimulate full employment. In fact, much of today's unemployment is directly traceable to the automation and computerization that has already been introduced into the nation's factories and offices. And that is why working people, in the shop, do not necessarily share government's and management's enthusiasm for such concepts as job enrichment and worker participation. To management job enrichment may seem to be a good way to motivate more production. To workers it is just as likely to be a code word for the speed-up.

Other points need to be made with respect to productivity. In labor intensive industries there is precious little that can be done to increase productivity. "Work harder," is often the exhortation, but the human body is capable of just so much physical exertion. Where labor is the major determinant of cost of production, the principal means to lower unit costs, and therefore increase profits, is to reduce wage costs, increase output per worker or effect a combination of both. This is precisely why so many light manufacturing firms, which are labor intensive, have found it profitable to leave America and export their operations to Third World nations.

The garment, textile, leather, fur and glove, shoe and electronic assembly industries illustrate the point. Once exported, workers overseas have no greater productivity than those abandoned in America. They work longer hours, at much lower wages, without benefit of comparable safety, health, and work standards or fringes. Productivity has little or nothing to do with American light industry's flight overseas.

In the case of capital intensive industry relocating overseas, the export of capital and technology produces a drag on our overall national productivity figures. Working people in America have less capital to work with to improve productivity. The recipient nation of American capital and technology gains. Again, though, the motive for moving abroad is not productivity improvement; it is profit maximization. That exported capital and technology could be employed just as efficiently and productively here in the United States, but it would return less profit, due to higher wage, work, living and social benefit standards.

Mr. Chairman, the impact of international trade on domestic employment and productivity cannot be ignored in your consideration of S. 533.

Let me make it clear, Mr. Chairman, that just as we do not oppose technological progress, we are not against the idea of job satisfaction. That's what unions have been trying to achieve for several generations. We have tried to enrich the jobs of our members by increasing their safety, seniority rights, grievance procedures and compensation on the job. But when management begins to talk to our members about job enrichment, we know this is not what they have in mind. Basically the purpose of job enrichment is the same as automation: to get more production with less labor. In the old days they used to call it time and motion study and they did it with stop watches. Today they call it job enrichment and do it with questionnaires. But the objective is identical. As the noted labor historian and author, Thomas Brooks, pointed out some time ago in the American Federationist, "Substituting the sociologists' questionnaire for the stop watch is likely to be no gain for the workers. While workers have a stake in productivity, it is not always identical with that of management. Job enrichment programs have cut jobs just as effectively as automation and stop watches. And the rewards of productivity are not always equitably shared."

I think it is appropriate to note that the main thrust of this bill, which is to provide federal financing for productivity improvement projects carried on by local labor-management committees, got its initial impetus from an experiment in labor-management relations which involved a goodly number of our members in Representative Lundine's home district, Jamestown, New York. He is sponsor of a companion bill, H. R. 2596, on which I testified before the House Economic Stabilization Subcommittee on April 5 of this year.

The Machinists Union is quite familiar with the Jamestown experience. We have 15 local lodges with 4,116 members in that city. Wage rates for our various locals range between \$3.24 and \$6.02 an hour with the bulk of our members earning between \$4.50 and \$5.50 an hour. For many years Jamestown has been a depressed area and until 1971 it had a reputation as a tough and somewhat strike-happy labor town. Through Mr. Lundine's efforts when he was mayor, management and labor agreed to try to work together to stem what had become an outflow of jobs from the area. They set up a Jamestown Labor-Management Committee to achieve four principal goals: An improved climate of industrial relations, the training of skilled manpower, more industrial development and increased productivity.

Of these goals, increased productivity was considered the most essential if companies located in Jamestown were to become more competitive. Recognizing, as I have previously indicated, that union members equate the word "productivity" with speed ups and time and motion techniques, management agreed that in exchange for any higher productivity resulting from worker cooperation, there would be no resulting loss of jobs.

This experiment in labor-management cooperation has not been totally free of problems. But there can be no doubt that it has generated a new spirit of cooperation between labor and management. Strikes have been reduced substantially, the skills of the work force have been upgraded and productivity has risen. In at least one case, workers have agreed to a wage rate tied directly to their productivity increases. The climate for industry has become so favorable that companies are no

longer moving out. To the contrary, one large concern has moved in and two existing firms have made major expansions.

What the Jamestown plan has done for one city in up-state New York, S. 533 proposes to make possible for cities and towns throughout the United States. As a participant in the success of the labor-management cooperation that has turned Jamestown around, the Machinists Union is in full agreement with the objectives of this bill. We believe that a federal program, administered by the Secretary of Labor, which fosters higher productivity through cooperative labor-management committees can help other communities to achieve what Jamestown has achieved. We especially favor the priority for grants supporting projects designed to keep workers employed who would otherwise be laid off during periods of cyclical unemployment.

As we all know, supporting the unemployed is costly. Federal, state and local governments pay out billions of dollars every year in unemployment compensation, welfare relief, food stamps, etc. Management spends millions of dollars in support of collectively bargained supplemental unemployment benefits and severance payments. Society, as a whole, and the affected workers in particular, pay the indirect costs related to alcoholism, family breakups, crime, suicides, mental illness and all the other known by-products of unemployment. All elements of society would benefit if we could divert a portion of this national expenditure into keeping people on the job, rather than merely to help them survive being off the job.

In authorizing federal grants for projects designed to keep people employed during slack periods, S. 533 is not proposing mere busy work or make work. It is drawing upon a concept, known as job maintenance, which is fairly common in Japan and which has been tested in pilot programs conducted by various companies in New Jersey, West Virginia and New York. To put it very simply, jobs maintenance works like this: Instead of laying off a certain percentage of the work force during periods of low market demand, those not needed for production are shifted to training and problem-solving activities. As Sidney Rubinstein, president of Participative Systems, Incorporated of Princeton, New Jersey has testified before a subcommittee of the House Committee on Education and Labor, "Under the joint and equal control of an organization's management and its...unions, workers are organized into problem-solving teams, given appropriate training in behavioral and technical aspects of problem-solving, and proceed to deal with such work area problems as methods, processes, materials, morale, equipment, quality, etc."

Although it might initially cost more to keep people employed than to put them on the unemployment compensation or welfare rolls, there is evidence to indicate that the long-term cost would be substantially lower. I understand, for example, that Toyota of Japan figures that worker solutions of such problems as job safety, product quality and energy conservation result in a saving of from \$3.00 to \$5.00 for every dollar spent on job maintenance projects.

Mr. Chairman, let me begin to wrap up my remarks by saying that despite our general reservations about job enrichment schemes, we believe that the experience of our members in Jamestown warrants our qualified support for S. 533. We especially urge the enactment of those

provisions authorizing federal grants for job maintenance during periods of economic down turn. I would, however, like to put three precautionary observations into the record. First, it must be made clear, either in the bill itself or in the legislative history which will serve as a guide to the Secretary of Labor, that labor-management committees, established under the authority of S. 533, shall be considered as a supplement to, rather than a substitute for, collective bargaining.

Second, we need to have some firm assurance that federal grants will not be made in a manner that gives non-union plants or areas a competitive edge over union plants or areas. This is a very important consideration. We are having some very bad experiences with plant improvement loans made under the Rural Development Act of 1972. Very recently, for example, an Illinois company with whom we have a contract informed us that its chief competitor, a large non-union operation, has applied for an \$800,000 Federal Rural Development loan to expand one of its plants in Tennessee. According to the management of the Illinois company, the granting of this loan will have a seriously adverse effect on its Illinois employees and thus on the jobs of our Illinois members. We would prefer no law to one giving non-union employers in right-to-work-for-less states any more of a competitive edge than they already enjoy due to their lower wage rates.

Finally, I want to express a concern that is shared by many people I've talked to in the rest of the labor movement. Quite frankly there is a real fear that some Congressmen and Senators may view S. 533 as a way of bypassing H.R. 50, the Humphrey-Hawkins Balanced Growth and Full Employment Bill.

If these two bills were being considered on an either/or basis, we would much prefer the Humphrey-Hawkins solution. I personally do not believe such an either/or approach is necessary. The enactment of

S. 533 along with H.R. 50 would entail no irreconcilable conflicts. Both are aimed at the same problem, the problem of unemployment, and both offer solutions that are complementary rather than contradictory.

I believe it is important to make this point, because there are some in the labor movement, who are withholding support from S. 533 on the basis that its enactment would preclude passage of the Humphrey-Hawkins Bill. As I have just indicated, if this committee determines that only one of these bills can be passed, then I would have to stand with the rest of the labor movement in wholehearted support of the Humphrey-Hawkins approach.

Mr. Chairman, this concludes my prepared testimony. I want to thank all the members of this committee for their courtesy in permitting me to appear here today. If it is the desire of this committee, I am now ready to answer any questions you may have.

STANLEY N. LUNDINE
39TH DISTRICT, NEW YORK

COMMITTEE ON
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Congress of the United States
House of Representatives
Washington, D.C. 20515

September 26, 1977

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The Honorable Jacob K. Javits
U.S. Senate
Washington, D.C. 20510

Dear Senator Javits:

Enclosed for your consideration is a copy of a letter from Howard Paster, Legislative Director of the United Automobile, Aerospace and Agricultural Implement Workers of America, stating that "the UAW is prepared to support the legislation (the Human Resources Development Act -- HRDA) if certain recommended changes can be incorporated in the bill." The letter goes on to suggest specific improvements in the legislation.

I am delighted at the promising hearing you have arranged on HRDA for tomorrow. The response the bill has received thus far is most encouraging.

Sincerely,



Stanley N. Lundine
Member of Congress

Enclosure

SNL:rk



INTERNATIONAL UNION, UNITED AUTOMOBILE, AEROSPACE & AGRICULTURAL IMPLEMENT WORKERS OF AMERICA—UAW

DOUGLAS A. FRASER, PRESIDENT

EMIL MAZEY, SECRETARY-TREASURER

VICE-PRESIDENTS

PAT GREATHOUSE • KEN BANNON • DENNIS MIDDERMOTT • IRVING BLUESTONE • ODESSA KOMER • MARC STEPP • MARTIN GERBER

September 26, 1977

IN REPLY, REFER TO
1185 PATERSON STREET, N. W.
WASHINGTON, D. C. 20002
PHONE: (202) 894-7404

Hon. Stanley N. Lundine
U.S. House of Representatives
Washington, D.C. 20515

Dear Representative Lundine:

Irving Bluestone and I have discussed with Doug Fraser your bill H.R. 2596 and our meeting with you on the legislation some weeks ago. On the strength of that meeting, and in light of Vice President Bluestone's background and interest in the matters addressed by H.R. 2596, the UAW is prepared to support the legislation if certain recommended changes can be incorporated in the bill. These changes, which are consistent with the points that Vice President Bluestone raised when we spoke, are not major, and we are hopeful you will be able to accept our suggestions so we, in turn, can endorse your well motivated and precedent setting legislation.

1. While we know of and appreciate your personal concern about the quality of worklife and enhancing human development, it would be valuable for those less familiar with these subjects to insert strong language on these goals at the appropriate place near the beginning of the bill. The point here is that certain fundamental goals which those who understand the bill know implicitly need to be made explicit for others with less background on the concept of the legislation.

2. It is essential in programs designed to improve the quality of work-life to protect against a faster work pace, a loss of jobs, or downgrading of job classifications or wage rates. Also, care must be taken to prevent the simple movement of jobs from one location to another. We recommend the bill contain specific language prohibiting these and other actions which would impact adversely on workers, and include adjustment assistance (such as in the trade law) for workers adversely affected by the legislation.

2.

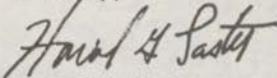
3. There must be specific language preventing the legislation, or any programs emanating from it, from abridging collective bargaining agreements unless there is specific consent from all concerned parties.

You may recall that we also discussed the key question of what department or agency shall administer the program. We agree with the decision to leave this question up to the President to resolve.

We do not believe the foregoing suggestions will undo the thrust nor principles of your legislation, and hope you will be able to respond favorably to them. I know Vice President Bluestone, who is far more expert on these issues than I, would be happy to review suggested language for dealing with our recommendations.

Thank you for considering the views of the UAW.

Sincerely,



Howard G. Paster
Legislative Director

HGP:cd
opetu-494

cc: Douglas A. Fraser
Irving Bluestone

Senator JAVITS. Our next witness is Mr. George Kuper, executive director, National Center on Productivity and Quality of Working Life.

Mr. Kuper, could you wait a few minutes?

Our next witness is Prof. John Dunlop, professor of economics, Harvard University, and former Secretary of Labor.

Professor Dunlop, I know what a job it has been for you to take time out to testify. I want to express my gratitude, along with Senator Nelson, the chairman of this subcommittee, and the chairman of the full committee's gratitude for your willingness to appear and present this testimony, however it may go, respecting this bill.

Will you, sir, proceed as you wish? Your whole statement, of course, will go into the record.

STATEMENT OF JOHN DUNLOP, PROFESSOR OF ECONOMICS, HARVARD UNIVERSITY

Professor DUNLOP. Well, thank you very kindly, Mr. Chairman, for those kind remarks.

What I would like to do is try to be brief, because I know that you would prefer discourse. However, there are one or two parts of this that I would like to read very briefly.

This statement is divided into three parts, Mr. Chairman. The first constitutes a typology and a classification of various types of committees and their characteristics.

The second is a summary of the experience with labor-management committees in this country. And finally, I have some comments, third, on the principles and objectives of the legislation.

And I would comment that these remarks deal with the United States, and do not deal with the vast experience in different industrial relations settings abroad.

Now, I cannot too strongly, perhaps, exercise my pedagogical background by starting with emphasizing the variety of labor-management committees. I say that their different approaches show more diversity than the animal kingdom. And I am not proposing to use classical categories such as phylum, class, order, genera, and species, or to develop Latin forms of nomenclature for the various divisions in the labor-management committee world. But I think a sense of the types of distinguishing characteristics is essential even for common discourse.

Now, I first indicate the level of committees which are most common. There is the level of the workplace, or plant level. There is the level of the locality. There is the level of the industry committee in a locality. There is an industry or a committee on a national basis.

And finally, there is a committee on an economywide basis. And I have set forth illustrations of each of those, including a number of them, Mr. Chairman, which I have been involved in, or at the present time might be involved in. And I think the variety and richness of those is important as a base to start.

Now, these committees, as I indicate, also vary enormously by the scope of the issues with which they deal. They do not grow out of a desire for a committee. They do not grow out of a desire to have good relations. They grow out of a concern, as I shall summarize later on, with particular problems and complex issues that trouble people.

Those problems may be wage structure, they may be vacations, they may be health, seniority, imports, the issues of economic survival, and so on.

Now, these committees also differ very much, Mr. Chairman, on the role of neutrals. In some of these there are neutrals that play very decisive roles, and in some of them they play no roles at all. Sometimes the role of neutrals have a governmental affiliation, and sometimes they do not.

I can go on about this classification theme, and talk a lot about another set of definitions depending on methods of financing, and other variables in this picture.

In closing this first five pages, Mr. Chairman, I would also emphasize that from the point of view of the economy, from the point of view of labor peace, or productivity, that these committees are not all equally important. Some of them made contributions in one field, and some in another. And we must, I think, my thrust is, we must be sure of that diversity. What is true of some committees is not true of others.

Now, in order to keep to the very short timeframe I wanted, I would like to present to you out of my experience, Mr. Chairman, 10 or 11 points here that I think summarize what I know about committees and their history in this country.

Despite the vast differences among committees, there are certain generalizations that cut across many of these. And they are as follows, in my mind:

First, committees often arise out of a serious crisis which challenges the survival of the parties, or threatens the continuity of their normal policies. A wartime emergency, dramatic technological and market change, a long work stoppage, are all illustrative. These are all changes that make people get together and do something. Seldom do committees, in my experience, arise without such a challenge.

Second, committees do not ordinarily arise out of the general view that they are a good idea, although in some circumstances an imitation and fad element is present. Committees arise to deal with very specific problems which vary widely from one situation to another, and at various levels.

Third, particular committees tend to have a short life. They pass away. The circumstances may have changed, often the leadership of one side or the other, or a neutral, that played a decisive role may cease to be active. Few of the more than 5,000 production committees established in World War II survived any length of time.

Fourth, committees are not a recent phenomenon. They go back to the early days of collective bargaining. They have not had a significant growth, and they are confined to a very few situations overall.

Fifth, committees exist in both private and public employment; in Federal, State, and local governments.

Sixth, the Federal Government, through the various agencies, have played a role in encouraging some labor-management committees, but the overall impact of these agencies has been relatively minor, taking the range of committees as a whole.

Seventh, committees on the whole have been able to finance themselves from private sources, or in the case of committees in the public sector, from regular budgets.

Eighth, in committees that operate over a period, that are concerned with costs and efficiency—I am talking about essentially plant level committees—unions often confront the hard problems of contradictory demands on them for economic responsibility and rank-and-file democracy. It is the business of saying let us be efficient, but let us also be democratic, which constitutes a real challenge to union leadership. They do not always mix well. Managements in turn find changes in the nature of traditional prerogatives, sometimes very hard to deal with.

Ninth, as General President Winpisinger of the Machinists pointed out in the House hearings—and again today—“while everyone agrees that over the long run increased productivity is the key to higher standards of living,” that at the workplace for the individual worker “productivity” is not a popular term, being equated too often with speedup and loss of jobs.

Tenth, the role of the third party in a labor-management committee, when invited by the parties, in any level of a committee is likely to be most fruitful when concerned with imaginative mediation and with the development of data for the consideration of the parties.

Eleventh, many of the most significant results of labor-management committees are indirect, growing out of improved communications and better relations which come to be applied to other problems than those which initiated the committees.

Now, finally, Mr. Chairman, and I will be through in a minute or two, the third part of this was some general comments on the legislation.

One, the labor-management committees tend to develop in response to particular urgent needs and under the impetus of distinctive leadership. I do not believe they can be or should be mass produced. Fads in this area are as likely to setback as advance constructive developments.

Two, some encouragement from some highly qualified personnel associated with a few Government agencies may be helpful in some circumstances. But the scope for Government is not large, and the need for funds is quite limited, but it is not zero.

Three, one of the contributions the Government should make to committees is to improve the quality and reduce the delay in the availability of statistical data at the request of parties, and in response to their view of categories and definitions.

Let me give you one illustration that influences your State particularly, Mr. Chairman.

I am presently working, as the statement indicates, with the ladies' garment industry and the men's clothing industry—brought to a head over the import problem.

Now, the simple fact is that at the present time in this country the statistics of production of all these types of clothing, and the statistics on foreign trade, just do not mix, I mean, the categories and numbers do not really permit any of us to do a good job in being able to say really what the import situation is by production unit.

We need, and I am hoping to get, that problem put together. There is a place where the Government ought to be working with the parties. The needs of the Government up to now for general national statistics are not helpful to the people in solving their problems, and something can be done about that.

Now, I use that only as an illustration.

Although it is difficult to make a quantitative assessment, some committees do make a contribution to industrial peace and to improved productivity, but their overall potential contribution to the total productivity problems of the economy are not large, except at the top policy level. But these committees do have value in themselves as an extension of collective bargaining and, where it develops naturally, for furthering of democratic principles at the workplace.

Finally, I cannot close without expressing some serious concern about a grant program which involves the Federal Government issuing regulations defining the types of committees, their composition, purposes, scope of activities which will receive support, and those which will not.

I can see bureaucratic definitions of "participation," "redesign of tasks," and "productivity gains" to the detriment of the laudable purposes of the legislation. The regulatory syndrome has no place in labor-management committees, and yet I recognize how difficult it is for the Federal Government to give away money without intruding more and more into private decisions.

And at the end, Mr. Chairman and members of the committee, I have specified what I regard as some of the more important scholarly works in the area, and one or two other documents dealing with labor-management committees in this country from an academic, and from a basic point of view. Thank you.

Senator JAVITS. We certainly appreciate very much your testimony, Professor Dunlop, which is so informative, and based upon so much experience and so much conviction. We will take it all very much to heart.

Now, one of the things I would like to ask you about is on page 8 you speak of labor-management committees as tending to develop in response to particular urgent needs.

Now, would urgent needs include a town or a city that is economically depressed, and is seeking to revive itself?

Professor DUNLOP. Yes; I meant that statement to apply really to almost all of the five or six levels and scopes, and so on. Let us take—and I am going by memory now—the first important community in recent times in the United States which developed such a committee on a locality basis was Toledo. And that grew out of the very bad labor relations situation there.

It was not the development problem, Senator, it was the fact that labor and management strikes were very bitter. And in that community there developed the so-called Toledo plan. And Louisville developed that, and New York developed that.

Jamestown, N.Y., as I understand it, has grown much more out of an economic crisis, and there were some elements of strife, but they were not as important in the New York situation as they had been historically in Toledo and Louisville. But that is a kind of crisis at the local level.

If you have a crisis in a plant, the management says, "We are going to shut down, and the costs are too high," or you have some other development, then that tends to lead the situation. It has to be combined finally, in my judgment, Mr. Chairman, with the kind of leadership, and not every collective bargaining agreement has the kind of maturity, the kind of leadership, that is going to produce this.

Now and then you get it. And in New York you had such a case. Senator JAVITS. Of course, we have many in New York, and many in other States.

Senator Chafee?

Professor DUNLOP. I do not mean to say that there can be only 1 in 1,000, or 1 in 100, but it takes an extreme kind of situation to have a growth.

Senator JAVITS. Now, the second thing I would like to emphasize to you is this concept of money, which you raised in your statement. In other words, why Federal money? And if Federal money, to what extent?

Professor DUNLOP. That is right.

Senator JAVITS. I would like to deal with that, because it lays the fundamental legislative intent. It is to be noted that no specific sum is mentioned in the bill.

Professor DUNLOP. Correct.

Senator JAVITS. And that is intentional. The only sum discussed, on occasion, has been \$50 million, and that is not necessarily in concrete, it could be a very inadequate figure, or it could be more than adequate. It depends on what thrust we take in the legislation.

Therefore, my money purposes are subsumed very separately under (a) and (b).

Now, (a), which is contained here under section 3, paragraph 2, which is found on page 2 and line 22 of the bill, as to facilitation of labor-management committees, there I would think that money would be used extremely sparingly, and solely as seed money, or a way to have it so you do not have to go and scrounge for \$1,000 to have a meeting, and get something off the ground.

As a matter of fact, even in Jamestown I had to go there and address a dinner meeting so that Congressman Lundine could get that first little start to even get his meeting together. And so that is what I had in mind.

I also have in mind some specialists of the Government and I thoroughly agree with you about the Department of Labor, who would be available with expertise and knowledge, and the feeling that the Government was blessing the effort. That is all I see the money there for; that is, strictly as a point of entry, and nothing else, strictly to pay the carfare of the Labor Department official if he is going to be there, and to facilitate a meeting, or something like that.

Now, under item (b), which deals with demonstration projects that affects continuing employment, I think that is a rather bigger concept.

My guess is—and I think I thoroughly agree with the previous witness—that all that would be used for temporarily is a few demonstration projects, to see if during periods of slack, when employees would be laid off, if it would be possible to utilize those same employees—paying them pretty much what unemployment compensation would pay them.

That has always tortured me about unemployment compensation. And, you know, I have been the prime sponsor of most of these bills, but you pay \$18 billion or \$19 billion, and what do you get for it?

I mean, it just kills me to see all of this go out, and this working power absolutely unused. So I would suggest some demonstration

projects respecting plant improvement, technology improvement, increased training to induce the plant manager, as it were, to let the plant serve as a schoolhouse, as a university, or for plant improvement, as against a better day. And that need not necessarily be grants. It could also be loans. But that is something we ought to experiment with.

I have no fancy amounts of money in mind in either case. I just want that clear for the record. But I do think that the movement ought to go forward.

Now, the last thing—

Professor DUNLOP. May I just make one comment about that, Senator Javits?

What you say is helpful to me. Under the first relatively small, as the Congress thinks of money any way, there are two other parts of Federal expenditures that I think are useful over and above the two items that you mentioned.

One is a kind of dissemination of reports about what has been done so that the people, who are considering whether to have a committee, will have that knowledge, or have some factual base to review their own situation, and have somebody to talk to them, and then of course let them make up their own mind.

The second element, I think, is data. You see, often you get a good committee going by saying, "Well, gentlemen, let us look at our problem, lets us find out what it really amounts to, and what are the nature and dimensions of it." And that does take some money sometimes, because it involves subcategories of data and availability of data that are not generally published.

And those two purposes are very important.

Senator JAVITS. I thoroughly agree with that. And I would also like to add, in my own rethinking of what I just said, Professor, that I think a far more continuous relationship of whoever the Federal Government group adviser should be in this than we normally think about. And I think there might be room—perhaps the Center can do it—for a service, which will be available on a continuing basis and that service would be to give each labor-management committee a window on the world, as it were, as well as the world of government.

The last thing I would like to ask you is kind of a double question. Do you think our argument that the labor-management committee technique will result in less strife and a fairer division of business than is now present in the strictly adversary relationship of collective bargaining—do you think that is valid?

Professor DUNLOP. Well, Mr. Chairman, I have no hesitation in saying, out of my own experience, as well as reading, that where the committees are for real, if I can use that phrase, where they grow out of a self-need, no matter what that need is, it can be a dozen different things to which the special committees concentrate on, but in my experience a byproduct of that is always a more constructive relationship, a better understanding of each other's position.

One is trying to do business outside of the normal confrontations, and negotiations or grievance handling; one is trying a joint consultative attitude, so to speak. And in my view it always makes some addi-

tional contribution to subsequent issues and to subsequent dispute resolutions.

So, from that point of view, if it is for real, and not artificial, then I have no hesitation in saying that it is in that sense terribly important. In fact, it is one of the most important ways in which problems get solved.

Now, one other aspect of that. I happen to think that many times those developments and discussions are more important and more significant if done on an industry basis in a locality, or on an industry of sector basis nationally than at the plant level. Those are separate kinds of attitudinal problems and management problems on all sides. And therefore, the level at which that discussion takes place becomes very critical for the future.

Senator JAVITS. I think my attitude, and then I would like to yield to Senator Chafee, can be summed up in terms of a cooperative democracy for mutual profit. That is the way I feel.

Senator CHAFEE. Thank you, Mr. Chairman.

Professor, I would like to get into part of your testimony here. Not long ago, under Senator Javits' aegis, we met with a rather distinguished group of economists and industrialists—actually it was on Tuesday after Labor Day. One of the problems that was presented to us was what can we do to improve productivity in the United States. And there were various techniques, or schemes, if you want to call them that, that were suggested.

One of the major industrialists there said that it had been his experience that this cooperation amongst a group really had to spring from the local level; that when they tried to impose it from on high, it just did not seem to work.

I am not talking strictly of improved productivity now. They said it had to be amongst a group that was small enough so that each worker felt there was some reward from that improved productivity.

For instance, in his company, which was a national company, they had given up profit sharing. They felt the incentive really was not there.

So I would like your reactions to that comment, based on your considerable experience. You know, we always hear about what they are doing over in the Swedish automobile manufacturing company, and that it has all worked in wonderful style, and that Volvo manufacturing—although I notice the price of the Volvo is going right through the ceiling, and I do not know if that is cause and effect—but could you give me some comments on that?

Professor DUNLOP. Yes; I would make two observations perhaps.

The first is that, as you have quoted him, I find the statement consonant with my experience in the sense that decreeing committees, or some top people getting together to deal with level problems, is not a good way to do it. So with that kind of an idea, yes, I am in sympathy.

On the other hand, there is a role, because the problems are different at subsequent levels in the hierarchies of companies and unions that is important, if for no other reason than to shape the establishments of those committees—in other words, for example, as is well known, in the steel industry in the last 3 or 4 years there were a number of plant

level committees established. They were established pursuant to a national union and national company's discretion of things and agreement to do it, setting the ground rules and so forth and setting them up.

If you would have let committees in basic steel be established in each company and each plant and so in an individual way, I do not think it would have worked so well.

In other words, one must go at these problems, in my judgment, cooperatively, Senator, at the level at which is the most successful entry point.

Now, if one is dealing with worker attitude problems, with safety, with efficiency, with those kinds of issues, then you have to get it down to the plant level or you do not have anything. On the other hand, there are other issues having to do with the structure of bargaining and certain kinds of statistical work and so on, which can be done at a sectoral level or even an economy-wide level.

If you are talking about what can parties do, for example, to deal with health care costs, you do not want to start to deal with that problem with people working at the immediate machine. You may want to start an agreement at the national level which devises policies which then people in the particular plant in each collective-bargaining relationship, you know, make their contribution to reduce the amount of surgery and all of the rest of things we can talk about.

So one must go in at the level that the problem is, in my judgment. But if you are going to deal with efficiency, with safety, with those kinds of plant level problems, you must get to that level or you will have very little impact.

Senator CHAFEE. One of the points that you made here on page (8), point No. 3, is that one of the contributions the Government can make is to improve the quality and reduce delay in the availability of statistical data.

Now, is not that data currently available somewhere?

Professor DUNLOP. Well—

Senator CHAFEE. I am not against the bill but—

Professor Dunlop. Well, yes and no. You see, as I mentioned to Senator Javits earlier—and the only reason I mentioned it is because his State has a good deal of garment and clothing industry in it—we have one set of data that deals with production, and that comes out of the Commerce Department. We have another set of data geared up to the categories of the tariff.

Now, nobody has ever put those together. You cannot know which items that are subject to these kinds of imports are related to our production since you do not know where the impacts of various kinds of imports are on particular sub-branches of an industry. Or take another problem, the level of generality at which the Government publishes its figures is often inadequate to the needs of the parties because they deal with specific company or plant situations.

Mr. Peter Henle mentioned the Chicago Construction Committee that was established after some studies we made on seasonality. Well, the Government does not regularly publish data about seasonality. The only way you can deal with that problem is to go and find out what the experiences are in various localities. We found out in that matter, Senator Chafee, that there was more seasonality in Chicago than there was in the colder temperatures of Minnesota. And then you start won-

dering why. Well, it has to do with the contract letting procedures of those agencies.

Well, that kind of data is not readily available. You have to go and look for it. It is that kind of pinpointing of work that I had in mind.

Senator CHAFEE. What is your overall view on this proposed legislation? Are you for it?

Professor DUNLOP. Well, let me say this to you. First, I am very much in favor of the growth, the development, even the nurturing and feeding that can be done for labor-management committees. I happen to spend a good part of my time, even currently, in this matter and have a number of these operations which I have the honor to work with. And so I am devoted to them, not only for their stated purposes, but for the indirect consequences I mentioned. So that is very clear.

Second, I think in the way Senator Javits and I exchanged views about funding purposes, I am not in favor of a large-scale Government program in this area. I am in favor of the nurturing and the development of promising situations with modest financing. Now, that would be with people from Government agencies who have some sensitivity and some understanding of this problem, of course.

Senator CHAFEE. I think also it seems to me that in your statement you rather frequently refer to collective bargaining. But it seems to me that this could be helpful in areas where there is no collective bargaining whatsoever.

Professor DUNLOP. Yes; except, Senator, that you have got to have some leadership on all sides that are dealing with the problem. And the way you get workers involved is through their organizations. If they are not organized I do not quite see how you can get the workers involved as a group unless you have their representative. And when you enter that area, you also run into the problem that if you are now setting up an organization for this purpose, you confront representational questions and the like, which seems to me to be running the danger of having a program which will be opposed for those reasons.

Senator CHAFEE. Thank you very much.

Senator JAVITS. Thank you very much.

Professor DUNLOP. Thank you, Senator.

[The prepared statement of Professor Dunlop follows:]

STATEMENT TO THE U.S. SENATE COMMITTEE ON HUMAN RESOURCES,
SUB-COMMITTEE ON EMPLOYMENT, POVERTY, AND MIGRATORY LABOR

September 27, 1977

by John T. Dunlop

Mr. Chairman, it is an honor again to be asked to testify before a Sub-Committee and to respond to your questions regarding S. 533.

At the outset it should be made clear that I am speaking today as an individual and represent no organization.

This brief statement is divided into three parts: Part I constitutes a typology and classification of various types of committees and their characteristics. The phrase "labor-management committees" encompasses a vast diversity of situations, and the main types of relationships and their characteristics need to be distinguished for purposes of public policy making. Part II is a summary of the experience with labor-management committees over a period of years. Part III constitutes some comments on the principles and objectives of the proposed legislation.

The discussion is concerned solely with committees in the United States. No reference is made to the substantially different situation in other countries.

I. TYPES AND FEATURES OF COMMITTEES

The variety of labor-management committees approaches the diversity of the animal kingdom. I am not proposing to use such

classical categories as phylum, class, order, genera and species or to develop Latin forms of nomenclature for various divisions in the labor-management committee world. But a sense of types of distinguishing features is essential even for common discourse.*

1. Level of Committees. Committees range from the immediate work place, through the plant level, an industry in the locality, the locality as a whole, a sector regionally or nationally to an economy-wide labor-management committee. The concerns and interests, methods of operation and relations to particular collective bargaining agreements are very different. A few comments and illustrations will better convey the experience in this country.

(a) Work place or plant committees. Such committees are the most numerous form; they are closest to the involvement of individual workers and supervisors, and they tend currently to be authorized and circumscribed by the provisions of the collective bargaining agreements directly applicable to the work place. They tend to be focused on particular issues such as production, cost savings, safety and training. More recently there have been a few committees concerned with quality of work and job restructuring. There are potentials for conflict with the representation and grievance procedure functions that must be avoided if such committees are to be effective and to survive. Committees in the basic steel industry, without neutrals, are one illustrative. The Kaiser Steel

* Some appreciation of this diversity is evident from, National Center for Productivity and Quality of Working Life, Directory of Labor-Management Committees, October 1976, Washington, D.C.

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Corporation - United Steelworkers of America Long Range Committee, on which I served as a neutral with George Taylor and David L. Cole throughout the 1960's had such departmental committees involving workers, union stewards and supervisors. The Scanlon plans are another illustration.

(b) Locality committees. These committees tend to involve many or all parties to collective bargaining agreements in a locality. They have been concerned with mediation plans to settle disputes and reduce work stoppages, promote economic development and mitigate economic crises. Such groups have at one time or another been operative, for instance, in Toledo, Louisville, Jamestown, New York City; but the number of communities has never been large.

(c) Industry committees in a locality. Labor-management committees have been established to deal with rather specific problems in an industry in a locality, at times governed by a common collective bargaining agreement. The Cleveland Ladies' Garment industry during the period 1919-31 introduced standards of production and earnings through a board of referees. The Chicago Construction Coordinating Committee in construction, financed by government, with government procurement agencies established in 1973 to be concerned originally with seasonality and related issues is another illustration.

(d) Industry or company committees on a national basis. The parties to collective bargaining in a sector have on occasion set up committees to consider issues on a nation-wide basis. Sometimes these committees have related to governmental agencies on

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some questions. The Construction Industry Joint Conference operated in the period 1960-68; it was not involved in dispute settlement of collective agreements. I served as its impartial chairman. The Joint Labor Management Committee of the Retail Food Industry was established in April 1974 as a part of understandings related to decontrol. Wayne Horvitz served as chairman until he became Director of the Federal Mediation and Conciliation Service this year. The Armour Progress Sharing Agreement in the meat packing industry facilitated the shut-down of some plants and the adjustments of the work force. A recent joint Committee has been established in the men's clothing and ladies' garment industries to consider means to improve their competitiveness in the face of rising imports; the parties have asked me to work with them.

(e) An economy-wide committee. Such a committee has been drawn from national labor and industry leaders. Their concerns may be a variety of national economic policy issues - job creation, inflation, energy policy, housing, medical care, etc. On occasion in the past they have considered industrial relations issues. In our history such committees in most cases have been established by the President, as in the Kennedy and Johnson administrations. A committee established by President Ford in September, 1974 has continued itself as a private labor-management group since February 1976.

2. Scope of Issues. The above classification concerned the

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level of committees, but the discussion has also indicated in a preliminary way how diversified have been the interests and substantive concerns of committees. Committees have not been established, nor do they continue, for their own sake; they are designed to deal with a particular range of problems that concern the parties.

Some committees are designed to deal with complex issues which cannot readily be handled across the negotiating table, as committees design to study wage structure alignment, vacation plans, pension and health and welfare programs, seniority questions, imports, and the like. Such committees are designed to prepare for subsequent negotiations.

Other committees focus on short-term legislative programs or questions of local or national governmental administration and regulation.

3. Role of Neutrals. Some of these committees have no private or governmental third-party representative, while others have a third-party private chairman or a relationship to some level of government. Some committees may have been encouraged by governmental suggestion while in other cases the initiative has been entirely with the parties. In some cases the role of a neutral is confined to making a study while in others an active mediating or even a limited arbitration role may be involved.

II. SOME GENERALIZATIONS FROM THE HISTORY OF COMMITTEES

Despite the vast variety of committees, differences in the scope of their work and the role of third-parties, it may be appropriate to attempt a few generalizations based upon a personal assessment. The following propositions reflect my experience and reading of the work of others.

1. Committees often arise out of a serious crisis which challenges the survival of the parties or threatens the continuation of their normal policies. A wartime emergency, dramatic technological and market change, a long work stoppage, imports, etc., are illustrative. Seldom do committees arise without such a challenge.

2. Committees do not ordinarily arise out of the general view that they are a good idea, although in some circumstances an imitation or fad element may be present. Committees arise to deal with very specific problems which vary widely from one situation to another.

3. Particular committees tend to have a short life. They pass away. The circumstances may have changed; often the leadership of one side or the other, or a neutral, that played a decisive role may have ceased to be active. Few of the more than 5,000 production committees established in World War II remain.

4. Committees are not a recent phenomenon. They go back to the early days of collective bargaining. They have not had a significant growth and they are confined to a very few situations.

5. Committees exist in both private and public employment, in federal, state and local governments.

6. The Federal Government, through various agencies, has played a role in encouraging some labor-management committees, but the overall impact of these Agencies has been relatively minor taking the range of committees as a whole.

7. Committees on the whole, have been able to finance themselves from private sources, or in the case of committees in the public sector, from regular budgets.

8. In committees, that operate over a period, that are concerned with costs and efficiency, unions often confront the hard problems of contradictory demands on them for economic responsibility and rank and file democracy. They do not always mix well. Managements in turn find changes in the nature of traditional prerogatives,

9. As General President Wipsinger of the Machinists pointed out in the House hearings, "while everyone agrees that over the long run increased productivity is the key to higher standards of living," that at the work place for the individual worker "productivity" is not a popular term, being equated too often with speed-up and loss of jobs.

10. The role of the third-party in a Labor-Management Committee, when invited by the parties, in any level of a committee is likely to be most fruitful when concerned with imaginative mediation and with the development of data for the consideration of the parties.

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11. Many of the most significant results of labor-management committees are indirect, growing out of improved communications and better relations which come to be applied to other problems than those which initiated the committees.

III. SOME COMMENTS ON THE PROPOSED LEGISLATION

The preceding discussion suggests to me the following comments on the principles and objectives of the proposed legislation.

1. Labor-management committees tend to develop in response to particular urgent needs and under the impetus of distinctive leadership. I do not believe they can be or should be mass produced. Fads in this area are as likely to set back as to advance constructive developments.

2. Some encouragement from some highly qualified personnel associated with a few government agencies may be helpful in some circumstances. But the scope for government is not large and the need for funds is quite limited.

3. One of the contributions the government should make to committees is to improve the quality and reduce delay in the availability of statistical data at the request of the parties and in response to their view of categories and definitions.

Although it is difficult to make a quantitative assessment, some committees do make a contribution to industrial peace and to improved productivity, but their overall potential contribution to the total productivity problems of the economy are not large,

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except at the top policy level. But these committees do have value in themselves as an extension of collective bargaining and, where it develops naturally, or furthering of democratic principles as the work place.

5. I cannot close without expressing some serious concern about a grant program which involves the federal government issuing regulations defining the types of committees, their composition, purposes, scope of activities which will receive support and those which will not. I can see bureaucratic definitions of "participation," "redesign of tasks" and "productivity gains" to the detriment of the laudable purposes of the legislation. The regulatory syndrome has no place in labor-management committees, and yet I recognize how difficult it is for the Federal Government to give away money without intruding more and more into private decisions.

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References

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The National Commission for Industrial Peace, Report and Recommendations, May 1974.

Senator JAVITS. Next we have Mr. George Kuper.

Your whole statement will be included in the record. As it is quite extensive, if you would be good enough to summarize it within 10 minutes, we would appreciate it.

**STATEMENT OF GEORGE H. KUPER, EXECUTIVE DIRECTOR,
NATIONAL CENTER FOR PRODUCTIVITY AND QUALITY OF WORK-
ING LIFE**

Mr. KUPER. I would be delighted to, Mr. Chairman.

I am here today to present the views and experiences of the Center in the whole area of labor-management committees in an attempt to respond, Mr. Chairman, to your direct mandate and the mandate of others in the creation of our organization.

I would like to make a point at the outset, however, that although we are talking here about one aspect of the productivity equation—that is, labor-management committees as they pertain to productivity improvement—I think it is essential to bear in mind that the more traditional approaches to productivity growth employed in the past by American industry—that is, capital investment, technology, training, education, and so on—have not diminished in importance but, rather, the human resources aspect of the solution has become more apparent as we attempt to relate the benefits of productivity improvement more directly to those responsible for achieving—

Senator CHAFEE. Mr. Kuper, I must confess I am not aware of the National Center for Productivity and Quality of Working Life. Is that a privately funded organization?

Mr. KUPER. Senator, it was created by Public Law 94-136, the National Productivity and Quality of Working Life Act of 1975 which came out of the Senate Government Operations Committee. It is an organization with limited funding. We currently operate at \$2.9 million a year. We have a 3-year life with a 27-member Board of Directors made up equally of representatives of the labor community, business, and Government leaders.

Senator CHAFEE. So you report to your Board of Directors?

Mr. KUPER. Yes, sir.

Senator CHAFEE. But your funding is entirely from the Federal Government?

Mr. KUPER. Yes; although there are provisions in our law which allow us to receive funding from outside sources, and we do, although the funds are from other Government agencies.

Senator CHAFEE. Thank you.

Mr. KUPER. I will continue.

What I am trying to say here is that improved labor-management relations is a route, but not the exclusive route, by which productivity has been achieved and will be achieved in the future.

The Board was quite eloquent during its existence and stated some issues in the human resources area in their memorandum sent to President Carter on January 28 of this year. The memorandum stated as follows:

First, improved cooperative arrangements between labor and management need to be worked out to allow the ingenuity and know-how of employees to be utilized more fully in the productive process.

Second, we need more effective public and private policies to assure workers that their cooperation in productivity enhancing changes will not unduly affect their job security and self interest.

Third, we need to define an appropriate role for the Federal Government in responding to the growing interest in improving job satisfaction and the quality of the working environment.

And I see the deliberations on this particular piece of legislation to be directly within the purview of their desires.

I have tried in my testimony, Mr. Chairman, to respond directly to three questions posed by your letter of invitation to testify. Just very briefly, I will summarize my prepared statement in answer to all three.

First, the Government's role in the establishment of labor-management committees, and on that I have attempted—although less eloquently than Professor Dunlop and others before me—I have attempted to define the types of committees that you might want to think about, Mr. Chairman, that are now in existence. I chose to use three types.

Industrywide committees which deal with structural issues within the industry, both in terms of labor-management relations and other structurally related issues.

Community or areawide councils which deal primarily, now in current experience, with economic development issues, such as Jamestown, N.Y.

And, third, in-plant committees which deal primarily with issues of efficiency and effectiveness at the jobsite—which might include health and safety, but would also include scrap reduction and energy conservation and so on.

I have gone in some depth, I hope, to demonstrate to you our involvement and what we believe to be an appropriate governmental role that the Center has been pursuing.

I should also add that in our stimulation of these committees, we have aimed very much at the role that was described during previous testimony; that is, we attempt to document the experiences of others so that those who are interested can learn directly from them. We have published a directory of those people who are willing to talk about their labor-management committees. We try to give assistance to those who request it. And, very importantly, we try to build local institutions so that they have the ability to respond through this joint consultative process to the needs of local plants, companies, industries, and employment regions.

You will hear in-depth some examples from other testifiers.

In response to the second question, the effects of labor-management committees on the degree of worker participation and productivity improvement and on worker attitude and morale, I have tried to say several things here.

One, as has been said already, these committees are extremely fragile. They exist for specific purposes. When action strays from those purposes there is sometimes a desire on the part of one side or the other, or both, that the committee should go out of business. And they do.

Second, there is very limited hard data that supports the achievements of these committees. I think the safest position to take is that these efforts have had sufficient success, or a sufficient degree of accept-

ability, so that the people who have participated in the effort are willing to tell others about them, and try to persuade others to do it.

Senator CHAFEE. What did you say? You say they do wish to spread the gospel or they do not?

Mr. KUPER. It appears that they are a part of a movement and they do indeed want to spread the gospel. There is a caveat to that, however.

There are some companies and industries that feel their collaborative approaches given them a competitive advantage. Some whom we have tried to list in our directories, for instance, have said they would prefer not to be listed because they were conducting a program of their own and for their own advantage. However, that is another example, I think, of their acceptance of the phenomena.

I then go on to describe some of the origins of these committees, and to spell out what some of their specific objectives might be. My basic point here is that there is a great deal of diversity.

In response, Senator Chafee, to your question to Professor Dunlop of the agenda that these committees can pursue, we have been working on a very interesting project in the State and local government area, Senator, where a national level group of labor and management leaders has established an agenda of some 29 different items that would have to be addressed if State and local governments were really going to do something about their own productivity. We have shared that agenda with a number of local labor and management leaders, Senator, asking them if any one item, or a combination of these items would be of interest to them to pursue at some depth within their locality. We are now getting their answers back.

And we hope to be able to build a network of these groups, working on what is essentially a national agenda of productivity issues in State and local governments, but working at the local level.

You will also note that I have listed some specific examples in the hope that it will bring to your mind circumstances of which you are probably considerably more directly aware than I, but which I feel are reflective of the objectives of this legislation.

The final question was, "Is there a significant potential for proliferation of joint committees?" In response to that I said there is a potential for spreading the concept of labor-management cooperation, but I do not believe it necessarily depends upon a large infusion of Federal dollars. It requires an interest on the part of the parties concerned. I think that interest exists. We recently were briefly mentioned in a national business newsletter that said the Productivity Center had materials available on how to start labor-management cooperative efforts. We were flooded with some 3,000 responses, which, to me, indicates a latent interest that is now coming to the surface. So I do feel that there is a need to encourage proliferation, but proliferation has to be in response to a demand that is felt by the principals involved.

In the fourth part of my testimony I comment on the provisions of S. 533 that are aimed at minimizing cyclical layoffs. I have attempted—and I am afraid it came out rather simplistically—to discuss some of the issues associated with cyclical types of layoffs. The conclusion I would like to convey is that it is a very complex set of issues. And some solutions that have been tried, and are in the process of being tried elsewhere throughout the world, are very attractive.

My sense of it, however, is that we need to pay a lot more attention to the parameters under which some of those other solutions have been tried. And I think we ought to give closer scrutiny to how they would affect the way we operate as an economic system before we go into any major effort on our own.

In summary, I have five points that I would like to make about the administration of S. 533—and I am on page 22 now.

First, it is clear that the innovative objectives of S. 533 could be best advanced under the oversight of a joint labor-management committee made up of leaders of the major private sector institutions of our society. In the Center's experience, a high level group would be useful to establish criteria and monitor developments as sensitive as those proposed, if the effort is to have credibility and lasting impact, to avoid the term "fad" being applied to this movement.

Second, it would be advisable in the expenditure of funds that priority be given to assisting joint labor-management committees which can show evidence of significant bonafide commitment that includes local resources and planning, and which generally indicate the opportunity for joint accomplishment.

Third, it is essential that the administrators of the program avoid any infringement on the collective bargaining process—a point made regularly throughout the testimony this morning—and any possibility that the projects could be used to oppose unionization. The program would be quickly discredited if labor-management committees are used to weaken collective bargaining.

Fourth, resources must be available to disseminate the results of joint cooperative efforts. Because of the nature of the activity, it is essential to stimulate a demand rather than force a product.

And finally, the role of third parties can be quite important. I feel that more support will be needed for the training of professional practitioners who are committed to joint labor-management cooperation and collective bargaining. I feel that any large-scale program, as envisioned by S. 533, would require a significant number of professional specialists who can act as advisers, educators, researchers, mediators, sources of information, and in other useful roles.

And with that, I am afraid I have taken slightly more time than you asked, but I hope I made my point clearly.

Senator JAVITS. You have.

We are very grateful for these insights. I have some questions.

You said you got 3,000 responses from people interested in labor-management committees. Were you able to handle all of those?

Mr. KUPER. Not as well as I would have liked to, Mr. Chairman. We responded by sending the published material we have and published material of others. We told them to call us if they wanted further help.

As you know, we have Mr. Batt and Mr. Weinberg in our organization, who are eloquent in this field and who have been helpful in a number of situations across the country, not primarily in terms of rolling up their sleeves and helping with individual situations, but in getting those people who can roll up their sleeves to do so.

Senator JAVITS. Will you furnish the committee with a schedule of what it would take in the way of personnel, and how much it would

cost in order to service this effort—combining your points 1 and 5—with the necessary technical personnel which could stay with individual labor-management organizing efforts on the basis of outreach?

That is, those who apply to you, and where you saw such opportunities. Give us an estimate, please, of what it would take in personnel and how much it would cost. Could you do that?

MR. KUPER. I would be delighted to, Mr. Chairman. I would like to offer two options in response to your request. One would be a program that would be mounted and operated exclusively from the Federal Government; and second, and I think far more desirable, one that would include a network of local and regional institutions that could respond.

Senator JAVITS. Let us do it any way you want. Of course, our preferred way here is by States. My own concept of federalism is that States should do everything that it is possible to do intrastate, provided it does it in time. But if it does not, my concept is that the Federal Government should pick it up, even on a State-by-State basis.

That is my own concept, and I hope very much that you would have that in mind.

The other thing I am going to suggest to you is very practical, and that is if you would divide up your list of labor-management committees by States and congressional districts, I believe I can get Senator Nelson to join with me, as the ranking member of this subcommittee, to communicate with not only the Senators, because that is easy, but with the Congressmen involved, and to address their attention to what is going on, and to urge them to take an interest in assisting in these activities.

My office and the office of Senator Nelson—and I cannot commit him, but I am sure he would wish to cooperate, and with the support of our subcommittee here, will cooperate with you.

So perhaps in each case we might have, you know, two sentences about what is actually going on.

I see a great opportunity, without it costing any money, and without even passing this bill, to facilitate and accelerate these efforts. Would you agree with that?

MR. KUPER. Absolutely, Mr. Chairman. We have, in fact, over the years discovered a great need for leadership to pull together labor and management efforts at the regional and local level.

As you so ably demonstrated in Jamestown, a key figure who is willing to go on the line and say, "What we need to do is get together and work on these problems," is absolutely essential. And in that regard we have been working with several Members of Congress in their local districts, Mr. Chairman, convening groups of local labor and management leaders for this express purpose.

Your help in pushing that forward would be greatly appreciated.

Senator JAVITS. We will cooperate with you closely. I certainly will. And as I say, I have every confidence that Senator Nelson and the subcommittee will. But I thought that was a good way of getting something going right away.

I appreciate your testimony. It is very intelligent and well designed. It will, of course, go in the record in full.

And, of course, this is not a matter of money, this is a matter of will. The money is very incidental. But we have to realize the potential which is involved here, even on so simple a matter of exports and imports.

This highly simplistic and highly prejudicial tag of "exporting jobs" is one of the most shortsighted things I know of, yet Mr. Winpisinger is absolutely right. The worker is looking at his paycheck and what is going to happen next week. The worker is not thinking ahead, you know, to the balance of payments, or to expansion in some other line of activity, other than his own.

All of that can be reconciled, but it takes real thought and organization, and the knowledge of what buttons to touch in order to satisfy immediate local demands, and at the same time not to stultify the national policy.

Mr. KUPER. In addition to the labor-management cooperative efforts, Senator, our experience has been that a consensus between labor and management is absolutely essential if the industries are going to deal with the basic problems they face in international trade.

Professor Dunlop mentioned his work in the apparel industry. We have been working with him in that industry, and we are getting an articulation of what the productivity issues are within the apparel industry.

The Center's role will become one of trying to coordinate the Government's response where appropriate, Mr. Chairman, to respond to the needs of the industry to the extent that the industry wants to help.

I see that the final work will apply to the whole apparel industry, and will make a significant difference in their competitive stance. This work is being undertaken completely independent of their trade agreement.

We have made that very clear, Senator. That is their own business. We are looking at the health of the industry, and we are relying on labor and management in that industry to set the agenda, to work on the agenda themselves, and to determine the Government's participation and the Government's partnership in helping the industry.

Senator JAVITS. How long do you want, Mr. Kuper, to supply for the record what I have requested as to added personnel costs?

Mr. KUPER. I think by the end of the week, Senator.

Senator JAVITS. Let us say 1 week, for the record.

Senator Chafee?

Senator CHAFEE. Thank you, Mr. Chairman.

I just have a quick question, Mr. Kuper. I am not exactly clear on how you envision this proposal to work. I gather it has to be completely voluntary, but let me quote a specific to you.

A couple of years ago the U.S. automobile industry was in the dumps. The imports—well, what is considered a satisfactory margin is 15 percent, and now they are up to 20 percent in some months. And as I say, the stocks of all the major automobile companies were down. We were not making money. Things were bad, but yet we pick up the paper, and we read that amongst the young workers—those who should be most eager to keep their jobs—they are the ones who had the highest instances of taking off Fridays, and taking off Mondays.

And this was a frustrating and confusing statistic to me, and apparently it was frustrating to General Motors, and to the UAW, too, but nothing seemed to be done about that.

Now, there we had a situation with productivity down, people not showing up on Fridays and Mondays, and not caring that this was looked upon askance by the corporation. Now what can we do in a situation like that? Is there anything we can do, or do we sit around and wait until General Motors and UAW come to you and say hey, is there any way you might be helpful in a situation like this in stimulating the productivity of these young people?

Mr. KUPER. I think the response to that, Senator, is a step-by-step process. One is the realization on the part of management first, Senator, that it is costing them and needs to be responded to in imaginative and perhaps risky ways.

Senator CHAFFEE. Perhaps what, risky ways?

Mr. KUPER. Perhaps risky to the institution of management, as they understand it. And second, a realization on the part of labor leadership that it is in their interest to worry about these problems from the standpoint of the economic health of the organization that provides employment, and from the standpoint of the basic societal needs of their membership. And once that realization takes place there are a number of routes that an organization can take.

They can go to more than a dozen organizations around the country aimed specifically at these kinds of issues, Senator, in addition to ours, and they can do it on their own. They can themselves hire a third party directly to try and bring them together. They can try to analyze the sources of the unrest within their organization as it relates to the organization's ability to respond to those kinds of problems.

There are a number of different ways of going about it. I think the critical part is the realization, however, at the outset, that it is a problem that bears dealing with. And, as I say, there may, in the process of dealing with it, be some sacrifice to the institution of management or labor leadership, as they now understand it.

Senator CHAFFEE. Well, it just seems to me that under this legislation it is helpful, as is your Center, in making people aware that there are techniques available to stimulate production. But at the same time there is no way of running this stuff down anybody's throat. If they are prepared to go along with their situation, and are not caring, or sticking to the traditional collective-bargaining methods of handling it, well, that is that.

And then, of course, they see their productivity decline, and the imports go up, and then they come and complain about the imports stealing the jobs.

Mr. KUPER. In my testimony, Senator, on page 13, I refer to an example of the Carborundum Co. and the International Brotherhood of Firement and Oilers, local 27, and the International Association of Machinists, local 2420. The issue there was one of productivity improvement. The commitment on behalf of management was over a \$5 million capital investment in plant redesign, not new plant construction, but redesign of an old plant, and that was based on ideas and innovations that came out of joint collaborative process.

Historically, that is a responsibility that management has taken to itself. Therefore, this represented a shift in attitude toward its responsibilities on the part of management.

Senator CHAFEE. What issues particularly do you address in the so-called "Quality of Life?" Would that mean making the job more attractive, and thus it translates into productivity, I suppose? Would that be giving everybody a sense of participation?

Mr. KUPER. I think the latter. The quality of working life is an umbrella term that attempts to respond to an increasing phenomenon in our county, namely, the lack of the individual's opportunity to understand his or her own contribution to the overall purpose of what is being done.

I see the quality of work life experiments as being an effort to share that responsibility in a fashion which allows the individual to understand his or her role in the operation, and have a meaningful contribution to make in the improvement of that role.

Senator CHAFEE. Can you cite any company where your objectives are being realized?

Mr. KUPER. Well, in response to your example of the automobile industry, I think that General Motors, and the United Auto Workers, together have come to a rather imaginative and ambitious program in the quality of working life area. There are several examples in assembly plants within the General Motors structure, where attempts have truly been made to get at these issues.

Senator CHAFEE. With any success?

Mr. KUPER. The real problem is how do you assess the success? The advocates of quality of working life innovation feel that the need for quality of working life should be separated from productivity improvement. Therefore, they are unwilling to assess the effectiveness of the quality of working life experiments in terms of profitability or productivity of the firm.

Senator CHAFEE. I suppose it can be assessed, not necessarily in terms of productivity, but I suppose it could be addressed in absenteeism—

Mr. KUPER. Surely.

Senator CHAFEE [continuing]. And reduced use of health facilities, probably reduced alcoholism.

Mr. KUPER. Indeed. And in many of the experiments the symptoms of counterproductive behavior have been significantly reduced.

Senator CHAFEE. You cited the automobile industry. And I thought from what I have read, that there is not a worker who does not take his pension and grab it and run, and never want to see the place again. Maybe that is an exaggeration.

Well, thank you very much, Mr. Kuper.

Mr. KUPER. Thank you for the opportunity to appear.

[The prepared statement of Mr. Kuper and additional material requested follows:]

Testimony

of

Hon. George H. Kuper
Executive Director

National Center for Productivity
and Quality of Working Life

on the

Human Resources Development Act of 1977 (S.533)

Before

Subcommittee on Employment, Poverty and Migratory Labor
Senate Human Resources Committee

27 September 1977

It is an honor to appear before this Subcommittee today and attempt to represent the views and experience of the National Center for Productivity and Quality of Working Life as that experience relates to issues raised by the proposed Human Resources Development Act of 1977 (S.533).

The general objectives of the draft legislation are parallel to part of those of the National Center, and many of our programs have been designed to achieve these goals. We have been mindful of the direct charge by Senator Javits and others to our Center over three years ago, that we foster the development of labor-management committees as a stimulant to productivity improvement, and I assure him, as I do the other members of this subcommittee, that a large share of our effort and our resources has gone toward that end.

As you are aware, the former Board of Directors of the National Center and its predecessor Commission felt the need

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to identify and define the nature of the barriers to productivity growth in our Nation so that we have a better chance of marshalling the complex and interdependent sources of improvement. Although we are here today to discuss labor and management relations as they pertain to productivity improvement, I would ask you to bear in mind that the more traditional approaches to productivity growth employed in the past by American industry--that is capital investment, technology, training, education, etc.--have not diminished in importance. Rather, the human resources aspect of the solution has become more apparent as we attempt to relate the benefits of productivity improvement more directly to those responsible for achieving it. However, while improved labor-management relations is not an exclusive route to responding to our productivity improvement needs - neither is it the only way to satisfy the ever-growing expectations for a better quality of life in our society - it is a critical part of the complicated equation. The position of the National Center on the specific Human Resources issue was outlined by the Board of Directors in a memorandum to President Carter on January 28, 1977 as follows:

"First, improved cooperative arrangements between labor and management need to be worked out to allow the ingenuity and know-how of employees to be utilized more fully in the productive process.

"Second we need more effective public and private policies to assure workers that

their cooperation in productivity enhancing changes will not unduly affect their job security and self interest.

"Third, we need to define an appropriate role for the Federal government in responding to the growing interest in improving job satisfaction and the quality of the working environment."

I feel that legislative response to these needs will be helpful and I see the deliberations on the Bill before you today as an important first step.

My invitation from the Chairman to appear before this distinguished Subcommittee raised three questions, and although the responses are interrelated I will address myself to each of them in turn.

I. The initial question calls for my views on the desirability of the Federal government's encouraging the establishment of labor-management committees in accordance with the provisions of S.533;

II. Second, what effects could labor-management committees have on the degree of productivity improvement and on worker attitudes and morale; and,

III. Thirdly, I will comment on the potential for the spread of the concept of joint labor-management committees throughout the American economy should S.533 become law.

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Subsequently I would like to comment briefly on the cyclical unemployment provisions of the draft legislation.

I

In response to the first question regarding the government's role in the establishment of labor-management committees, it might be helpful to look at the labor-management committees that now exist. They vary widely in their origins, goals, and procedures, each responding to a particular set of circumstances. It's important to remember that under our free collective bargaining system, the initiative originates with the parties themselves. The point of common interest with the Government then is goals of these joint efforts.

We can distinguish three basic types:

1. industry-wide committees;
2. community or area-wide councils; and
3. in-plant committees.

1. A few labor-management committees have been established at the industry level to improve relationships and strengthen economic structures. In such joint committees, labor and management discuss broad issues and try to develop general guidelines that could improve collective bargaining between individual firms and unions.

The Government can encourage such industry efforts by supporting, when requested, those activities jointly carried out by labor and management which are aimed at improving

cooperation within the industry and therefore improving productivity. The National Center has attempted, with some success, to draw on management and labor leaders from individual industries (including state and local government) in the formulation of a productivity improvement agenda for the industry to pursue with its own resources. The credibility of issues jointly established adds to the probability of real improvement. It also provides an opportunity for a useful partnership with government where assistance is rendered in areas of need, at a pace determined by the industry itself.

2. The second basic type of labor-management structure is the community council. Communities with over-age plants and equipment have established joint committees whose aim is to make their area more attractive to investment capital by improving the industrial relations climate and the skills of the workforce. These community programs offer a unique stimulus to joint union-management action at the firm and plant levels. Over the past several years the Center along with the FMCS, EDA, the Department of Labor and the Appalachian Regional Commission has assisted a number of cities in developing programs for joint communitywide cooperation.

3. The third type of labor-management cooperation is the in-plant committee where companies and unions recognize common problems.

As the scope and maturity of industrial relations have increased, many unions and managers have established committees on issues that may not be dealt with at the bargaining table, such as health and safety, pre-retirement planning, alcoholism, drug abuse, and worker training.

In some situations joint committees have been founded to improve the company's competitive position through joint efforts to conserve materials and energy or improve work methods. Although examples of this type of in-plant committee go back 50 years to the B&O Plan and the joint production committees of World War II, the concept was given support recently in the historic 1971 agreement between the Steel industry and the United Steel Workers.

In plants where a high degree of mutual trust and confidence has been established, labor and management have expanded the scope of cooperative efforts to cover issues that usually have been the exclusive province of managers. These are concerned with enlarging the decision-making role of the worker in the production process and giving workers a "say" about work structure, job content, supervision, plant layout, and other working conditions that are covered by the broad term "quality of working life." These latter-named actions are in response to what has been described as the malaise of the American worker whose higher level of education and greater expectations for a better life have encouraged a demand for improvements in the workplace environment.

The Center over the past years has tried to encourage understanding of and support for labor-management cooperation through conferences, the publication and distribution of popularly written reports and pamphlets, and by providing information and advice to those seeking assistance. It is also working with state universities and community colleges and various non-profit centers to hold workshops where successful practitioners can share their experiences. Over 5,000 people have attended these conferences and workshops.

In addition, it has been trying to help build state and local institutions or centers which can provide technical assistance to local business and labor organizations. Many of its activities are carried out in cooperation with the Federal Mediation and Conciliation Service, the Economic Development Administration of the Department of Commerce and more recently the Department of Labor and the Department of Housing and Urban Development. Center and state funding were used to establish the Massachusetts Quality of Working Life Center, which has a board of directors made up of government, labor and business leaders. A Center-supported workshop at Utah State University has led not only to a program for the entire Rocky Mountain States region, but the Utah State University has established a Center for Productivity and Quality of Working Life which now receives university and foundation funding. With Center encouragement and counsel the State of Maryland has also set up a university-based center, and

the possibility of similar centers is being discussed in Michigan, Rhode Island, Connecticut, and Pennsylvania.

It is apparent, therefore, that the Federal government has been involved in stimulating labor-management cooperative efforts throughout the country. However, if the government's role is to be modified it must be clearly understood by everyone concerned that committees are in no way a substitute for collective bargaining, but are formed to address mutual problems that are not taken up in the collective bargaining process but can advance their common interest. Where employees have chosen a union an essential ingredient of the success of these joint efforts, is full acceptance of the union in the workplace. That caveat, I respectfully suggest, should be made clear by the legislation before you today.

II

On the Chairman's question to me on what "effects labor-management committees could have on the degree of worker participation, on productivity improvement, and on worker attitudes and morale should S.533 become law?" I would like to emphasize that labor-management committees are fragile. The quantifiable data on their impact is not yet sufficient to persuade doubters. However, it is important to take into account that, in spite of the limited hard data, many of those who

have embarked on joint labor-management cooperation have found sufficient benefits to encourage others to embark on a similar course.

Some of the accomplishments of the various types of committees now functioning are impressive.

Although it is a relative newcomer in the history of labor-management committees, Jamestown, New York has become a classic model of community labor-management cooperation, a model which is being copied by a number of other jurisdictions. Representative Stanley Lundine, now the Congressman from the district which includes Jamestown and the author of a companion bill to S.533 in the House, was the initial organizer of the Jamestown effort. Along with several members of this committee he is an unflagging supporter of the joint labor-management concept.

Here is an impressive example of how an industrial community reversed a trend toward industrial decadence, and restored business and employment by establishing a greatly improved climate of labor-management relations after 18 years of employment decline. Jamestown's conversion from an industrially eroded area to a healthy, revived city began with the establishment of the Labor-Management Committee of Jamestown. The committee established four principal goals:

1. to improve labor relations;

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2. develop manpower;
3. assist industrial development programs; and
4. achieve productivity gains in existing industries.

Then it set about organizing labor-management committees in various industrial plants in the area. A recent report of the Jamestown Area Committee said: "The in-plant committees are the strength of the area committee."

While community committees such as in Toledo, Ohio and Louisville, Kentucky, existed long before the formation of the Jamestown committee, Jamestown, as an example of the current effort to establish in-plant committees, has been used as a model by a number of other recently established community committees, including Buffalo, New York, Cumberland, Maryland, Lock Haven, Pennsylvania, Muskegon and Bay City, Michigan, Evansville, Indiana and others.

It should be noted that the Jamestown Area Committee singled out productivity improvement as its most important objective. Many community labor-management committees endorse the goal of improved productivity, and espouse with equal fervor the need for harmonious labor-management relations and better communication between management and labor to achieve that objective.

Community labor-management committees are also concerned with the migration of labor away from their community due to a shortage of jobs, and they seek to retain and expand their

employment base both as a means of maintaining the economic well-being of the area as well as job opportunities. Community committees have become involved with providing skilled workers for both existing industry and for attracting new ventures. In some communities a close working relationship has developed with the vocational schools and community colleges which seek to tailor training programs to meet the recruitment needs of prospective employers.

As labor-management relations in their areas become more sophisticated, the committees by and large tend to be concerned with structural issues, and as in the case of Toledo, to play a major role as a public mediator to bring about peaceful labor and management co-existence.

Industry-wide committees have a different origin. They are mainly the outgrowth of problems which are peculiar to an entire industry, and not responsive to the efforts or solutions of a single or several companies. The problems are generally of such magnitude that they involve the concern of the entire industry.

Probably the most outstanding example is the retail food industry which has sought to develop a more rational bargaining pattern in that industry. The efforts of the Joint Labor-Management Committee of the Retail Food Industry formerly chaired by Wayne Horvitz, now Director of the FMCS, are mainly directed toward achieving fair and equitable noninflationary wage settlements in the industry.

The Center is now trying to launch an interesting variant of the industry-wide approach by building a network among local government labor-management committees. These local committees are pursuing productivity issues identified by a national level labor-management committee, and their program will be monitored by the National Committee.

A third type of labor-management committee, and the one closest to the individual worker, is the in-plant committee, where labor and management have developed a structure for joint consideration of problems that cannot be adequately handled in the framework of bargaining.

There are several hundred of these committees in both the public and private sectors, and the number is growing. The National Center has published a Directory of the various in-plant committees throughout the country to provide a means for people interested in the concept to make contact with people who are a part of a successful joint committee operation. Some of the committees are based on a gains-sharing plan, others seek to improve communication between labor and management, and still others focus on an effort to improve the quality of working life.

As to the effectiveness of in-plant labor-management committee operation, there are a number of examples of mutual benefit.

The Carborundum Company, at its Monofrax Plant in Falconer, New York, which is in the Jamestown area, has an active in-plant labor-management committee established jointly with the International Brotherhood of Firemen and Oilers, Local 27, and the International Association of Machinists, Local 2420, which is the improvement of productivity. When a major redesign of the plant was considered, a subcommittee of the joint committee was established, and the entire workforce was involved in the redesign project. Some 167 ideas were volunteered by workers, some of which were put into effect immediately even before the redesign. Groundbreaking ceremonies for the new facility--some 5.1 million dollars worth--were held recently, with due credit given to the workers.

The 1976 annual report of the Carborundum Company gives unequivocal support for worker input in solving plant problems. The report reads: "We are convinced that productivity can be increased by labor-management cooperation, and that this can be achieved only through consistent two-way communication of both the good and the bad."

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Productivity has been improved and other operating economies have been achieved at the Midland-Ross Corporation's Athens, Tennessee plant with the International Brotherhood of Electrical Workers, Local 175 under the Scanlon Plan which provides for sharing productivity gains on a group basis through gains sharing. The plan is credited with a 16 percent increase in plant productivity.

Members of this Subcommittee may have a special interest in committees which have been operating successfully in their State, as for example the labor and management cooperation in the five separate "business teams" which have been formed in the Fisher Body Plant No. 2 of the General Motors Corporation with the United Auto Workers, Local 1231, in Grand Rapids, Michigan, the joint committee operating, with the Detroit Newspaper Printing and Graphics Communication Union, Local 13, at the Detroit Free Press, and the joint committee in the City of Detroit government and the American Federation of State, County and Municipal Employees, District Council 77.

There are two area labor-management committees in Wisconsin, one in the Green Bay area, and another in the Fox Cities area. In-plant committees in Wisconsin include committees at the Tempo stores, with the Retail Clerks International Association, Local 214, the

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Gilman Engineering and Manufacturing Company and the International Association of Machinists, Local Lodge 1266, The Parker Pen Company and the United Rubber Workers, Local 663 and the International Association of Machinists, Local Lodge 1266, with a Scanlon Plan, Niagara of Wisconsin Paper Company and the United Paperworkers International Union, Local 1166, the Menominee Indian Tribal Enterprises and the International Woodworkers of America, Local 4-302, the Dana Corporation and the United Automobile Workers, Local 1838.

In Maine the Georgia-Pacific Corporation, Pulp and Paper Operations, and the United Paperworkers International Union Local 27, and other unions, established a joint labor-management committee to improve their relationship.

Obviously there are many more examples which would add to our understanding of the effect of the committees on productivity and quality of working life. The important point, however, is that the people who have gone to the trouble of establishing joint consultative approaches have, by and large, found them effective at addressing their needs.

III

As to the final question, whether there is a significant potential for a proliferation of joint committees:

In my view, and based on the experience of the National Center, there is a great potential for spreading the concept of labor-management cooperation, but I do not believe that proliferation necessarily depends upon the expenditure of large amounts of Federal dollars. As I have pointed out, many joint committees have been established at the initiative of the parties themselves. Many were formed to solve problems as they arose in the workplace. And most of them are operated without government assistance, although important demonstration projects have been helped by Federal agencies.

As an indication of the degree of interest in in-plant joint labor-management committees, the Kiplinger Washington Letter recently ran a few lines about how such committees concentrate on plant waste and inefficiencies, work schedules and absenteeism, and advised those interested to write to the National Center for information. The responses--well over 3,000--were from a cross section of American industry--some of the giants, the medium size companies and from smaller companies.

I have already mentioned the interest in community labor-management committees the Center has been trying to service.

So I would say, encourage proliferation, yes; but measured in relation to needs or demands as they arise,

encouraged and assisted by creditable agents, but not forced into a uniform pattern. The Federal effort should be directed to helping employers, employees, and unions understand the process, learn from the experience of those who have been engaged in cooperative activities and adapt these concepts to their own circumstances. A major problem in disseminating is to demonstrate that there are advantages on balance to all parties, that profitability, job security, and work satisfaction are interrelated with the survival of the firm. More information and research are needed on the benefits as well as the problem, more exchange of case experiences and practical how-to-do-it information need to be developed so that self help can be encouraged.

Furthermore, while large organizations often have the internal resources to launch projects involving work restructuring, retraining and job upgrading, gains sharing, and other human development programs envisaged by S.533, small businesses and unions, community labor-management groups and local governments usually lack the capability and need outside assistance, such as trained third party consultation. Federal assistance could be helpful first in ensuring adequately trained third parties as well as providing the type of expert assistance, where desired, needed for such innovative projects.

IV

Since S.533 proposes to support projects to minimize cyclical layoffs by firms, I would like to comment on this issue, both from a national perspective and from the viewpoint of the firm.

The issue of job security and productivity improvement is one the Board of Directors of the National Center has dwelled upon in some length. In their memo to President Carter they said:

"Nationwide, productivity improvement and employment are interdependent. Other things being equal, productivity improvements generally come about by changes in workflow or by the introduction of new equipment which yield greater or equal output with the same or less amount of labor. At each point where such a change is introduced there is a potential threat to the job security of the employees involved and in these cases the changes may be understandably resisted. Even where changes are not resisted, there is little net benefit to the economy if the labor saved in one place cannot be put back to work productively somewhere else. Thus, unless jobs are widely available, productivity growth is retarded.

In a time of economic recession and high unemployment, there is considerable pressure for strong measures to increase employment throughout the economy. From a productivity standpoint, the goal of increasing employment is essential because high levels of employment are a prerequisite for long-term productivity growth. There is also a risk that some methods of increasing employment will undermine productivity. In the private sector, for example, one method suggested by some to increase employment in the short-run is to retard or even reverse the normal progress of technological change, thereby using more labor-intensive processes that would otherwise be the case. In the public sector, various forms of direct job sponsorship or emergency employment may be considered.

Solutions of this type contain significant risks and should be viewed with caution. The use of more labor-intensive production methods would result in less output per worker and thus less total income; in effect, this solution simply redistributes the burden of unemployment without remedying the underlying cause. Similarly, unless government-sponsored jobs are designed to be productive, or at least to provide the training which will lead to productive work, there is a danger that unemployed workers will simply be made permanently unproductive at public expense.

Therefore, long-term productivity is best served by policies which stimulate demand and provide a stable investment climate, in conjunction with policies which insure that all members of the workforce have the appropriate skills, training, and unrestricted entry to participate in the resulting job opportunities."

While the objectives of the Center and the proposed legislation are similar, there is some possibility of disagreement over the means of achieving greater job security. A basic assumption is that it is more desirable to have employees remain in work status rather than draw unemployment insurance but the method of protecting job security as far as possible should not result in reducing the productivity of the firm. For this reason it may be helpful to review briefly--and hopefully not too simplistically--several underlying causes of layoffs by firms and some possible preventative measures that might be considered in addition to the program envisaged by S.533. For the purpose of this discussion two sources of layoffs are considered: (1) a downturn in demand; (2) modifications to the production function.

(1) One source of layoffs is a downturn in demand for products or services caused by the general business cycle or seasonal fluctuations. In the goods producing sector this is either a time for reducing variable costs-- i.e., labor--or building for inventory. With the costs of materials in manufacturing now representing over 57% of the value of shipments, the high cost and commensurate risk of inventory maintenance make it attractive to lay off workers.

Under these circumstances, some governments abroad provide some type of inventory maintenance support to avoid layoffs. There are problems, however, in insuring that production levels are maintained at some median rate rather than at peak levels. From the point of view of organized labor in the industry, smoothing out its employment cycle is very desirable but doing so in a fashion which strengthens management's bargaining position--as finished goods inventories do--is considerably less so.

Another approach to dealing with this form of layoff is to make an effort to modify demand so that the influences causing the fluctuations in demand are reduced.

(2) A second source of layoffs is a shift in demand for various skills and trades caused by changes in product mix and/or manufacturing technology. This form of layoff

severely affects the individuals laid off because of the threat to individual competence it represents and unfortunately is most usually blamed on productivity improvements. Because displacement can generate resistance to change, it potentially has the greatest impact on our economic viability. The National Center has endeavored to encourage innovative and cooperative approaches to dealing constructively with this problem through dissemination of models of successful practices. Studies have been made covering ways of protecting job security through retraining, attrition, relocation and manpower planning. A major examination of job security protection will be undertaken in the coming year.

There is a need in our country today to upgrade the skills of workers for new, projected jobs. In some instances we have not avoided losses associated with worker retraining, such as loss of seniority or job status. The Center is studying ways by which continuing education programs in industry can assist professional and technical employees adjust to technological changes.

Obviously these are extremely complex issues facing our Nation which I have only touched on. We have historically chosen to address these problems in ways that are oriented to the individual. More study and research should be given to the range of possibilities

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including the subsidized payroll approach in S.533, before launching a program as the legislation now implies.

* * * * *

In summary, I would like to make several observations about the administration of the program envisaged by S.533, again based on the experience of the Center.

First, it is clear that the innovative objectives of S.533 could be best advanced under the oversight of a joint labor-management committee made up of leaders of the major private sector institutions of our society. In our experience, a high level group would be useful to establish criteria and monitor developments as sensitive as those proposed, if the effort is to have credibility and lasting impact.

Second, it would be advisable in the expenditure of funds that priority be given to assisting joint labor-management committees which can show evidence of significant, bona fide commitment that includes local resources, planning and generally indicate the opportunity for joint accomplishment.

Third, it is essential that the administrators of the program avoid any infringement of the collective

bargaining process and any possibility that the projects could be used to oppose unionization. The program would be quickly discredited if labor-management committees are used to weaken collective bargaining.

Fourth, resources must be available to disseminate the results of joint cooperative efforts. Because of the nature of the activity, it is essential to stimulate a demand rather than force a product.

Finally, given the vital role third parties can play in work improvement projects, more support will be needed for training of professional practitioners who are committed to joint labor-management cooperation and collective bargaining. A large scale program will require professional specialists who can act as advisors, educators, researchers, mediators, sources of information, and in other useful roles.

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I hope it has been clear that no matter how critical I may appear on portions of S.533, that the objectives that have been set forth must be accomplished if we are to deliver on the expectation our economic society has created. I will be glad to comment on any questions the committee members have in either verbal or written response.

Thank you for the opportunity to testify this morning.

National Center for Productivity and Quality of Working Life
Washington, D.C. 20036

October 3, 1977

Dear Senators:

In response to the Subcommittee's September 27 request at hearings on S.533, we have prepared a budget plan covering programs and activities designed to achieve more fully the objectives of PL 94-136 which are consistent with Section 3 (a)(2)(A) of the Human Resources Development Act. We have been guided by your emphasis and our experience on the need to use funds sparingly and to provide "seed" money for the startup of projects.

The prime objective of the program would be to help labor and management groups establish in-plant joint labor-management committees to improve productivity and the quality of working life. The plan is based on the Center's experience in trying to build institutions that can conduct regional or local outreach programs to stimulate in-plant joint consultation and cooperation, such as the Utah State Center for Productivity and Quality of Working Life and the Massachusetts Quality of Work Center.

Three types of assistance would be offered:

First, three-year grants or contracts with state university institutes of labor relations and/or other appropriate government or non-profit institutions for the purpose of organizing centers of information, technical consultation and assistance, training, and research. Funds would be used on a statewide or regional basis for the following types of services:

- a. Technical assistance and consultation with plant and community labor-management committees on joint projects for work-life improvements, including experiments and demonstration of work restructuring, gains sharing plans, employee problem-solving, flextime, and similar techniques.
- b. Preparation and dissemination of information about labor-management committees and other quality of working life innovations.
- c. Conferences and workshops on labor-management cooperation and related worklife issues for business, labor, and government groups.

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- d. Training courses for union, management, and community representatives on techniques of employee problem-solving, etc, and for development of knowledge and skills of coordinators and other third parties.
- e. Research and evaluation of major innovative projects in labor-management cooperation to improve productivity and quality of working life.

Requirements for such grants would include: (1) matching contributions (in funds or services) from the state or private institution; (2) oversight of the program by a state appointed labor-management advisory board, and (3) contributions from clients, where possible. Priority would be given to projects in state and local governments and small and medium size businesses.

Second, three-year grants and contracts with community joint labor-management committees for technical assistance and consultation with local plants and unions; conferences, workshops; information, education and training programs. For example, grants would be available to labor-management committees for the services of a full-time professional coordinator who would assist labor and management in the community to form in-plant joint projects for work improvement. Matching funds would be required.

Third, three-year grants and contracts would be made with joint labor-management industry committees for data, studies and analyses which could help the parties deal with appropriate mutual problems at the industry level, to improve productivity among firms.

The attached table summarizes the estimated annual program costs and possible impact in terms of the number of plant committees and special projects assisted. No adjustment has been made for inflation. These estimates are based on the Center's best judgment of the current state of the art and a realistic assessment of the potential for expansion. Funding levels off after three years when hopefully Federal financial assistance would be replaced by funds from the states, localities and users to sustain individual programs over the long-run.

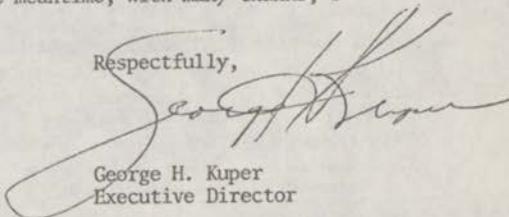
This program outline is more conservative in terms of resources than some methods of more direct support which have been suggested. It also should not be construed as representing the Administration's desires in this area. It simply is our estimate as to how best to achieve our commonly held objective of greater labor/management cooperation for improvements in productivity and the quality of working life.

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It should also be noted that authorization for the National Center for Productivity and Quality of Working Life expires on September 30, 1978, so that any role envisaged for the Center by the proposed program would be contingent on decisions by the Legislative and Executive Branches regarding the future of this Center.

We hope this information will be useful in your deliberations. We would welcome the opportunity to be of further assistance should you so desire. In the meantime, with many thanks, I remain,

Respectfully,



George H. Kuper
Executive Director

Enclosure

The Honorable Gaylord Nelson
Chairman

The Honorable Jacob K. Javits
Ranking Minority Member

Human Resources Subcommittee on
Employment, Poverty, and
Migratory Labor

ESTIMATED ANNUAL FEDERAL COST OF PROPOSED FIVE YEAR PROGRAM
in Support of Joint Labor-Management Committees

Type of Project	First Year	Second Year	Third Year	Fourth Year	Fifth Year
<u>Total Cost</u> (in millions)	\$ 3.025	\$ 5.060	\$ 7.095	\$ 7.095	\$ 7.095
<u>State Centers</u>					
Average Center Grant	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
No. of Centers	10	20	30	30	30
Est. Total No. of Labor- Management Committees Assisted (community and plant)	100	200	300	300	300
Total Cost (millions)	\$ 1.000	\$ 2.000	\$ 3.000	\$ 3.000	\$ 3.000
<u>Community Labor- Management Committees</u>					
Average Committee Grant	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000
No. of Grants	20	30	40	40	40
Est. Total No. of In-Plant Labor-Management Committees Assisted	200	300	400	400	400
Total Cost (millions)	\$ 1.500	\$ 2.250	\$ 3.000	\$ 3.000	\$ 3.000
<u>Joint Industry Committees</u>					
Average Industry Grant	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
No. of Committees Assisted	5	7	9	9	9
Total Cost (millions)	\$.250	\$.350	\$.450	\$.450	\$.450
<u>Center Administration</u> (10% of grants)	\$.275	\$.460	\$.645	\$.645	\$.645

Senator CHAFEE. I think next we will have Mr. Francis and Mr. Wessel.

STATEMENT OF GEORGE L. WESSEL, PRESIDENT, BUFFALO AREA AFL-CIO COUNCIL, ACCOMPANIED BY IRVING C. FRANCIS, PRESIDENT, JOHN W. COWPER CONSTRUCTION CO., AND ROBERT AHEARN

Mr. WESSEL. Thank you, Senator. We are cochairmen so we have to work together.

Senator CHAFEE. OK.

Now, would you explain a little bit about what your group is? Did you explain that in your statement?

Mr. WESSEL. We did present 1½ years—what was that, Bob, we turned in before?

Mr. FRANCIS. It is a performance record, and that has been entered into the record.

Senator CHAFEE. Just for my benefit and perhaps the benefit of the group and the staff, could you just briefly run over what your group is, or is that all in your statement? Just touch on it.

Mr. WESSEL. All right, just briefly. I was just going to introduce myself, George Wessel. Our council in Buffalo is an—we are an active labor-management committee. And we have gotten involved in this thing. We have been in existence since February of 1976. And we found the council and we have found that it is an effective tool for improving the economic health of our community.

Now, you have before you, as I said before, a report on all our efforts in the past 1½ years. We would like to have you make that a part of the record.

Senator CHAFEE. Fine.

Mr. WESSEL. An essential element in our approach is that both parties, labor and management, share the ownership of the cooperative process and in its products. In this spirit, I will have Mr. Francis speak at this point.

Senator CHAFEE. All right. Mr. Francis.

Mr. FRANCIS. Senator Chafee, I am Irv Francis. I represent Dan Roblin, cochairman of the original committee. However, I am a member of the Buffalo Labor-Management Council. I am president of a construction company in Buffalo, N.Y., which is not the smallest and not the largest in the country. However, our industry does represent a very substantial part of the working force of the country, as you well know. And productivity is and always has been the name of the game in our industry. So I think it is something that I personally am involved in as well as being involved in the labor-management committee.

We urge the subcommittee—and I will read now from the prepared text we have—we urge the subcommittee to support the funding of areawide labor-management committees. We have found our council an excellent vehicle for improving the labor relations climate in specific bargaining relationships throughout the community.

Our general approach is to assist the parties in establishing where they are on the conflict—cooperation continuum and then, using a variety of techniques in moving the relationship away from conflict and toward cooperation. Our techniques include plant labor-manage-

ment committees, industrywide labor management committees grievance mediation, prenegotiation studies, training in cooperative labor relations and, in some crisis situations, working behind the scenes to resolve long-term strikes. In contrast to some other areawide efforts, our focus is on the bargaining relationship rather than on one specific technique such as a plant committee.

However, the plant committee is one of our most powerful tools. It is a superlative device for encouraging, nurturing, and implementing the ideas flowing from increased employee participation.

The agendas of our committees range from safety and environmental concerns to some very modern productivity improvement programs.

One of the major issues of the next decade in the personnel field in general and labor relations in particular will be the demand for dignity in the workplace from all classifications of workers. Personnel methods of the past are crude and outdated. And, as leaders, we must open doors and minds and recognize that all of our people want to be involved in the successes and the problems of their companies.

Senator Chafee, the minds of our hourly workers are perhaps one of our greatest unused natural resources. And with the deep involvement of workers in the business comes a purpose, a dedication, a winning spirit, and a strong sense of dignity. This drive for dignity will not be denied and it is essential that union and management leaders alike develop tools to broaden and deepen employee participation. Plant and industrywide LCM's are excellent tools for employee involvement.

One of the most important things we have learned from our committees is how they break through the institutional barriers of the rigid bargaining relationship we call armed truce and build the kind of trust and understanding necessary for the working harmony of more mature labor relations. I am sure Dr. Dunlop is familiar with our terminology since it derives from work he had some part in, the "Causes of Industrial Peace" study done in the late 1940's and early 1950's. We are now working actively with 18 bargaining relationships, 14 have labor management committees. We hope to be working with more than 50 bargaining relationships by the end of 1978. We have the technology, all we need is the resources to do the job.

George, do you want to take over?

Mr. WESSEL. Senator, our first concern is the host of hangers-on and panacea pushers that are always to be found around any Federal honeypot.

Senator CHAFEE. Well, that is the general experience.

Mr. WESSEL. This is one of our concerns about this present relationship. There is no doubt—

Senator CHAFEE. You think \$50 million is attractive and—

Mr. WESSEL. That is right. Let me finish this now. This is very important.

We are afraid—

Senator CHAFEE. You see, with the \$50 million, we usually round it off to the nearest 100 million.

Mr. WESSEL. That is right. This is a cheapy.

There are no doubt competent people around to aid LMCs in their employee participation and productivity efforts. But while they are

valuable, they are few and the charlatans are legion. We would hate to see these funds, which can be wisely used to foster labor management cooperation throughout the United States, end up in the hands of phoney consultants, research oriented academics, and secondary level "institutes," "projects," and other cover names for collections of incompetents dedicated only to their own enrichment and survival. We need these funds at the grassroots where the action is.

Senator CHAFEE. You made your point very well.

Mr. WESSEL. A second concern is that these funds could be used as a Federal carrot to induce the parties to start labor-management committees where no real local commitment exists. Believe me, Mr. Chairman, building mutual trust and commitment in a large city like Buffalo is no easy job.

Especially, if I may be personal, for a union leader who must answer to 130,000 members, some of whom oppose anything new, much less union-management cooperation. Without that local commitment, a LMC is not only a political time bomb for union leaders, but an empty exercise which will last only until the first controversial issue comes along. It also seems to us that local commitment is a good test of the potential viability and effectiveness of an area wide LMC. Certainly it was in our case. We spent almost a year developing the support, not only of labor and management, but public officials, political leaders, and the media. There is no such thing as instant credibility, especially for something as unique and startling as an area wide LMC.

One answer to both these concerns would be to channel funds only to established areawide LMCs. In this way, moneys going to academics and consultants would be under local control and I can assure you that, with our panel of experienced management executives and labor leaders, it would be very tight control.

Senator CHAFEE. Excuse me 1 minute, if you might, Mr. Wessel. I have got to go over and vote.

Does everybody understand how that clock works? And so what I would like to do is go over and then come back. So, if everybody would just take a break for 10 minutes, I will be right back.

[Short recess.]

Mr. FRANCIS. Sorry for being late, Senator.

Senator JAVITS. That is all right. It is very important to have the local media get a crack at you, too.

Was Mr. Wessel or Mr. Francis testifying?

Mr. WESSEL. I was in the middle of a sentence, Senator.

Senator JAVITS. I apologize for being absent a minute, but I have four committee meetings this morning and I just had to look in on two others while the last witness was on. You go right ahead.

Mr. WESSEL. Senator, to pick up here, the only exception to this channeling through areawide committees would be a small portion of the funds which could be distributed from Washington to finance hands-on field research in cooperative labor relations, employee participation, and productivity improvement.

Presently, we have a jumble of fads and nebulous terms such as quality of working life. We need a clear understanding of how cooperation and employee participation integrate with the ongoing collective bargaining process.

By insisting that the committee be well established before it received Federal funds, local commitment would have to be up front where it belongs. Our suggestion is that a committee be in existence for at least a year, be funded locally for that period and be able to show a clear record of progress before it be considered established. Further, there should be a substantial and continuing local match for funding support. In our view, this match should be at least 20 percent of the budget.

Unless there is this kind of local commitment and control, the passage of the bill would spawn another Federal bureaucracy, another set of guidelines written by the uninitiated and uninformed, and another feeding of the panacea piranha.

Now, Mr. Francis has another suggestion to make.

Mr. FRANCIS. We have not been able to develop a consensus in favor of the employment maintenance section of the bill, section 3(a)(2)(B).

Indeed, no consensus was achieved even among the labor members of the Council. We feel that, whatever the merits of the idea, its time has not yet come. Further, we fear that its inclusion in its present form may detract support from the more critical elements of the bill.

However, we cannot preach innovation and hold new steps and then throw out the first one we have a chance to comment on. We would therefore strongly support the inclusion of projects like that in the words of the marked-up companion bill in the House. If it is all right, I will exclude the quotation from the bill.

You asked, Mr. Chairman, for our assessment of the probability of the proliferation of areawide committees throughout the United States. We think the probability very high. We have a small city model in place in Jamestown and, in the last year, several similar communities have started areawide committees—Evansville, Ind., Lockhaven, Pa., and Cumberland, Md., come to mind. On our own part of the world—New York State—Elmira and Batavia, N.Y., have committees in formation.

A year and a half ago, two of the people who started Jamestown told us, because of the very reasons Jamestown was a success, we would be a failure. Jamestown was small, we were large. Jamestown had a sense of community, we did not. Jamestown had few political problems, ours were enormous, et cetera, et cetera.

Clearly, they were wrong, and we now have in Buffalo a large city, areawide LMC model which works. Other cities, such as Philadelphia, Pittsburgh, and Dayton, have committees in some phase of formation. With a large city model in place, northeastern cities which share our plethora of problems can set up effective areawide LMC's if they develop the one essential element: Broad-based local commitment.

If they do, I can assure them of a high adventure on seas which are still largely uncharted. We learned from Jamestown, but built our own program. Every day we find other tasks to be accomplished.

If anyone had told us 6 months ago our LMC would actually recruit firms to come to Buffalo, we would have laughed off the idea. But such a firm will open its doors November 1. We are fascinated by the Philadelphia approach, which is entirely different from ours, and await with eagerness the record on the statewide effort in Rhode Island. You get bruised and battered on the leading edge of a technology, but there are compensating rewards. It is essential, however, that established com-

mittees not have to devote 50 percent of their time on the hunt for funding. Therefore, we strongly endorse S. 533 and can assure you that it will have the full support of our various constituencies.

We would be very pleased to answer any questions you and the committee have, Mr. Chairman, on our report or our testimony.

However, since I am unfamiliar with legislative proceedings, and since I have not been to Washington before, I made a few notes on other matters discussed this morning. I would like to take a moment to comment on them, because, in my mind, they are very important.

As I mentioned before to Senate Chafee, I represent the construction industry in Buffalo. And we have learned, because the construction industry in Buffalo is very hard pressed, having between 50 and 60 percent unemployment for 3 years, we know what unemployment means. And we got down to the task of seeing what we could do to turn that around. We found that the matter of productivity, which is an essential part of our business, is simply education. It is getting the worker to understand that by his producing more it helps his job.

Therefore, I disagree with one statement that was made this morning that a man is interested primarily in his paycheck and what it will buy and not the next paycheck. On a short-term basis, that may be true, but with a proper enlightened labor leadership, which I think is more and more common in the labor relations field, and an active participation in management, I think we can get this education down to the worker's level where he will understand what productivity really will mean to him.

To answer your question, Senator Chafee, about the Friday-Monday syndrome, we have the same thing in the construction industry. I was always a firm believer that the more you paid a man, the harder he would work. Therefore, I was not in direct opposition to a 5-, 6-, 7-percent wage increase a year, because I thought a man would, when he earned \$10 an hour, be more anxious to come to work and work than he did when he earned \$5 an hour. I found out, however, that the average trade union worker in the construction industry is used to working about 900 hours a year and, therefore, he was content with living on a regular small income. Therefore, when he earned \$10 an hour, he did not have to work as many hours to earn it. Therefore, he developed the Friday-Monday syndrome, or he would work through the summer months and want to take off through the winter months.

We were able to turn that around in our industry by showing how bad it was actually for the industry; how it drove up costs and how it, by driving up costs, kept industry from wanting to build in Buffalo. It has taken a long time to turn it around, but it is a matter of education.

If you can get the man to understand that, it can be accomplished.

And that I think that is a key ingredient to the success of the labor-management committee, this trust between management and labor, that when the man who worked with his hands comes to the committee and talks to management, he is there not because he is trying to get a new item in his contract, but because he is trying to get a better product made for a cheaper price. And we found some good ideas that come from the man who worked with their hands in our industry. The best idea of changing the form system has come from the carpenters and not from myself, the president of the organization.

And quite often we found that productivity was tried to be established by the president of the outfit saying, "I want better productivity," and then going to the golf course. It cannot be done there. It has to be done by the president getting down to the jobsite with the man and developing this trust the two of them have and saying, "Now, what can we do to better this product?"

And we found a high degree of success in our industry in Buffalo doing it that way, but it is localized. Therefore, I do not see this being able to be legislated from Washington. I think if the funds can be made available to qualify local committees so that their time does not have to be spent going out on a search for funds, I think that they bring enough interest from the local community to start the funding and keep it going every year and that matching funds with some ratio developed from Washington will allow us to build a very productive labor-management program within given areas—state-wide or whatever or congressional districts or whatever.

Senator JAVITS. Mr. Francis, I thank you very much, and you, too, Mr. Wessel and Mr. Ahearn, for being here. My staff has been working with you and we know a good deal about what you are doing. I would like to express, on the part of the State, the gratitude that you have every right to feel in the construction industry.

I have a few questions I want to ask. No. 1, I gather that you are not too happy about the demonstration project dealing with keeping people on the job, which is part (d) of section 32 of this bill. I am interested in listening to that and I would like to ask you this. If we made it crystal clear that this is strictly to be a handful or a relatively small number of strictly demonstration projects, would you still have objection to it, or is your objection based on the concern that it is some kind of broad scale economic development project of which this is the camel's nose under the tent?

Mr. FRANCIS. May I answer that, Senator?

Senator JAVITS. Please.

Mr. FRANCIS. Our concern in that is that all types of programs would be lumped together; in other words, the problems of the auto industry would be considered the same as the construction industry and the same as the garment industry. We see them all entirely different. Some of them are subjected to seasonal variations, for instance, and we would like you to take a specific look-see to see whether or not funding for a specific project, and not an industry, would be effective.

As a case in point—and I think a project which you are familiar with, Senator—a case in point is Rich Stadium in Buffalo. That program, that project had to be built through the wintertime. We also started hard on the rear end of a 7-week labor strike. So the whole program looked like it would be out the window as far as bringing it in when the builders wanted to start playing football.

Our organization, the Cowper Co., was lucky enough to be building the stadium. And we went to the county with the proposition that we would continue to work through the winter on a project that was 90 percent concrete. And you know the winters in Buffalo are generally very difficult to work in. And it was a carrot type of a situation. We

offered for, I think it was, \$126,000 to work through the winter. And that money was to be verified in the spring as having been spent to keep the men on the job, to keep the job moving, and to maintain a pace that would bring the project onboard at a specific time. We got that money if we got the job done in order for the Bills to play a specific exhibition game in the stadium.

We went to labor and asked if they could make this a success. They guaranteed they would cooperate with us. And we brought it in a month ahead of schedule, after a 7-week strike and having to deal with the winter.

Now, that is a specific project where this would have worked. And that perhaps would have called for funding. But to say that the full construction industry could qualify would not necessarily happen. It could be worked more successfully phasing projects that have Federal money in them, Senator, in such a way that the peaks and valleys of the construction industry are taken care of. This can be done just by letting contracts at the right time.

So it does not necessarily fall in a, you know, we have to pay you to do something. That is why we are apprehensive.

Mr. WESSEL. Senator, I have to be a little careful about what I am saying here because I do represent the central body in Buffalo. In Jamestown, I do not think there was full participation by the central body. And I, as president of the AFL-CIO Council, represent 216 local unions. And that is what really gives us the involvement in our county, Senator, because I represent all of the county. And we can go to any one of these locals and ask them to get involved.

And when I do say something, I am speaking on behalf of the AFL-CIO. And I have to make it very clear here that I am not speaking on behalf of the national AFL-CIO, but the local. Their opinion is their own on this legislation.

Now, we have discussed it with them, but I am not at liberty to say what their opinion is going to be on this because they have reserved that. I am only speaking from my own area and our own participation in this.

Senator JAVITS. I was going to ask you about the AFL-CIO.

Mr. WESSEL. I am glad I told you ahead of time, because I have already spoken to Andy Freedman on it, and I just have to be careful or otherwise I will wind up on the outside looking in.

Senator JAVITS. I noticed a strong recommendation that Federal assistance only go to established labor-management committees.

Mr. WESSEL. I think that is the way the Senator and Congressman did it in Jamestown, and that is the way we are doing it in western New York. We have proven ourselves first before we are asking for any money.

Senator JAVITS. Are you suggesting a year?

Mr. FRANCIS. We suggested a year, yes. But we actually are just suggesting that some format be established for determining when a committee, an existing committee, has the record of performance.

Senator JAVITS. Yes. But what I am getting to is will that, in your opinion, assist us, who are sponsors of the bill, with the AFL-CIO? In other words, is this a factor that is worrying them?

Mr. WESSEL. I think it could, but again I am Little George. Big George sits down in Washington. I am Little George up in Buffalo. I do not have the right to say too much.

Senator JAVITS. I understand.

Mr. WESSEL. But I think they lean that way.

Senator JAVITS. That would be your opinion?

Mr. WESSEL. Yes.

Senator JAVITS. And it would be, of course, a major inducement for us to see if we could attract their support, which would be extremely critical.

Mr. WESSEL. That is something I want to work on myself.

Senator JAVITS. Very good.

Well, please feel free, both in addition to this suggestion, to make any other suggestions that you think would help us. Now, we may or may not be able to offer them, but at least we ought to know what would help us to win the support of the AFL-CIO.

Mr. WESSEL. Well, we hope to meet with your staff people and discuss these people and find their objections, and maybe submit them to Congressman Lundine and yourself and anyone else that is involved.

Senator JAVITS. Well, you do that. This legislation could be one of the greatest things that happened to American labor and would represent a breakthrough to another plateau of critical importance to this Nation—let alone to the working people. I feel this way very strongly. I think Congressman Lundine feels the same way.

Senator Chafee.

Senator CHAFEE. Thank you, Mr. Wessel and Mr. Francis. I want to ask one question.

You talked quite a bit about funding. Now, just take your own operation up there. It would seem to me the amount of money involved in any of these operations must be relatively small.

What is your total budget? I mean how big a staff?

Mr. WESSEL. Could I defer this to Mr. Ahearn on this as to what we would like to do for the future?

Senator CHAFEE. What is your total budget?

Mr. AHEARN. Our total budget for the first year was \$50,000, Senator—\$30,000 of that came from the county and \$7,000 from the city and \$13,000 from the private sector, both labor and management.

Senator CHAFEE. I see.

Now, you have yourself and the Secretary of Health and so forth?

Mr. AHEARN. Our first year's staff is myself and one secretary.

Senator CHAFEE. Now, see if I understand exactly what this group does. For instance, when there is a big strike going to come about in the construction industry, for example, then do you become involved or is it more of a continuing effort to see that workers have a sense of fulfillment on their jobs?

Mr. AHEARN. It is both. Our major thrust is setting up the kind of inplant committees that were sponsored in Jamestown. And we have both the plant variety and the industrywide variety there. However, we found that we could be helpful in ending long-term strikes. And in the last year we have been involved in the final steps of two very long and very bitter strikes.

In one instance, out of that we set up a plant labor-management committee. And within a year we had turned the whole thing around. I say "we," but it was not us. But the parties had gone from a situation where there was violence and economic strife and a dreadful situation, and within 1 year I can tell you that they are now one of the most cooperative labor relations efforts in our town and, I daresay, in the United States.

Mr. FRANCIS. Senator Chafee, one thing was the user's council form, I mean there was the head of major industries throughout the United States. And when a problem came up having to do with an inflationary trend that was being developed, these leading industrialists were able to sit down and have a discussion on this and resolve it. We have the same kind of a thing in our committee. We have the major leaders of labor in Buffalo or western New York sitting on the committee, and we have the major industrial leaders sitting there. Therefore, if a problem develops in a plant, quite often the union is involved and the management people can get together away from the scene and talk it out—as well as people who have similar problems in other plants in the area, they come into this. Other presidents of companies can sit down and discuss with the president of the company that is in trouble, you know, how he can help himself.

And it is that type of thing where we have been the most successful and did accomplish the resolution of the strikes that Bob talked about. It is not just within the infrastructure of one company. For instance, I know Bill Smith because I play golf with him or because we have dinner a couple of times a month together, and we can chat about these things there and find out why is his production so bad and why is mine so good. What are we doing different? It is that kind of an exchange which I think has been a great success.

Senator CHAFEE. Thank you very much.

Senator JAVITS. Congressman, we very much welcome you here.

Would you like to ask any questions?

Mr. LUNDINE. Thank you. No; I particularly wanted to extend my welcome to the representatives from Buffalo, a major city in my region of the country. I think that, with really meager resources, they have done a phenomenal job in a multifaceted economy, as indicated today, involving construction and other elements of that economy in addition to manufacturing. I think it is really exciting.

Thank you.

Looking over the range of activities—including, let us say, absenteeism, worker morale, alcoholism, drug use, and any other problems aside from those you have mentioned, now, could you just specify what other issues the Labor-Management Council has dealt with in the last year?

Mr. FRANCIS. Well, we have a growing business. Take the apparel business, for example. We talked this morning about the problems of the apparel business leaving us, but we brought one in from Canada to the United States. We have gotten into legislation, of course, we have gotten into product costs, settling strikes, spent a great deal of time in raising money.

Senator JAVITS. Safety?

Mr. FRANCIS. Safety, yes.

Senator JAVITS. Safety and health?

Mr. FRANCIS. Yes.

Senator JAVITS. What about absenteeism?

Mr. FRANCIS. Now, we have not gotten into that. The overall committee has not. The plant committee has. This is a watchdog, a fathering, fostering, nurturing committee, to see that these are developed in-plant. Those in-plant organizations have.

Senator JAVITS. How many plant committees do you have under this umbrella?

Mr. FRANCIS. We have 14, sir.

Senator JAVITS. Fourteen, good.

Mr. FRANCIS. Our goal is—

Senator JAVITS. What are the number of workers in those 14 plants, a general estimate?

Mr. AHEARN. Around 5,000.

Mr. WESSEL. Senator, may I say one thing? You talked about alcoholism. This is a major problem concerning absenteeism. We in the AFL-CIO in Buffalo have already established an outreach program during the past 3 years. We just recently worked out with the State of New York that we are going to do something about it.

We are responsive to the Buffalo Area Council on Alcoholism. We are now taking over the program completely ourselves, that is, the AFL-CIO. I mean we are sponsoring the program. We have full-time people on the job. They go into the plant and try to make, as a part of the collective bargaining agreement, Senator, alcoholism programs.

We treat the employees, and treat this as a sickness, and not as something else as it has been treated in the past. And we have been working on this for a number of years now. It has worked very successfully. And that ties right in with our Labor-Management Committee.

Senator JAVITS. Well, gentlemen, thank you very much. We are very grateful to you. Your experience will help us immeasurably.

[The prepared statement of Mr. Wessel and additional material supplied follows:]

Buffalo-Erie County Labor-Management Council

DANIEL A. ROWLIN, JR.
President, *Roblin Industries*

CO-CHAIRMEN

GEORGE L. WESSEL
President, *AFL-CIO Labor Council*



COUNCIL MEMBERS

GREGOR BETZ
Executive Vice President
Raneco Steel

HERMAN BODEWES
President
Carpenters District Council

ROBERT E. BRADY
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ROBERT M. CLEARY, JR.
Vice President and General Manager
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LOUIS DUDEK
President
*International Union of Electrical, Radio
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ROBERT J. FIERLE
President and Chairman
American Precision Industries, Inc.

IRVING C. FRANCIS
President
John W. Cowper Company

WILLIAM KUMPF
General Manager
Araxia Graphics

HELMUTH H. MAJER
Plant Manager
Chevrolet Tonawanda

PAUL E. McSWEENEY
President
Retail Clerks Union--Local 212

MITCHELL F. MAZUCA
Director--District 4
United Steel Workers

THOMAS NATCHURAS
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ROBERT W. AHERN
Executive Director

TESTIMONY OF GEORGE L. WESSEL

AND IRVING C. FRANCIS

IN SUPPORT OF S.533

BEFORE THE SENATE SUB-COMMITTEE

ON EMPLOYMENT, POVERTY AND

MIGRATORY LABOR

SEPTEMBER 27, 1977 -

(1)

Testimony of George L. Wessel and Irving C. Francis
In Support of S.533 Before the Senate Sub-Committee
On Employment, Poverty and Migratory Labor --

September 27, 1977

My name is George L. Wessel, I am President of the Buffalo Area AFL-CIO Council. In this role I represent some 216 local unions with about 130,000 members. I am also Co-Chairman of the Buffalo-Erie County Labor Management Council. With the added strength of my friends from the UAW and the management members of the Council we jointly represent more than 200,000 salaried and hourly workers in our area. My management colleague, Irv Francis and I are here to strongly support the general objectives of Senate Bill 533 and to make some suggestions which we believe will improve the bill and make it more acceptable to all our constituents.

Our Council has been in existence since February, 1976. In the nineteen months since we began we have found the Council an effective tool for improving the economic health of our community. Not only have we clearly proven that the Jamestown model of an area-wide cooperative labor-management effort is viable in large urban areas, but we have extended that model with

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bold, innovative programs to end long term strikes, to direct pre-negotiation studies, to recruit and retain manufacturing firms and to effectively utilize public sector human resources funds to solve private sector problems. You have before you a report on our progress which details these efforts. We hope you will make it part of the record.

An essential element in our program is that both parties, labor and management, share in the "ownership" of the cooperative process and in its products.- In this spirit, I will turn the presentation over to Irv Francis. He speaks for me as I speak for him. There are two of us present, Mr. Chairman, but you will be hearing one voice.

My name is Irv Francis. I am President of the John W. Cowper Construction Company, and a Charter member of the Labor Management Council. Our management Co-Chairman, Mr. Daniel A. Roblin, Jr., Chairman of the Board of Roblin Industries sends his regrets, but the press of business called him elsewhere.-

We urge the Sub-Committee to support the funding of area-wide labor management committees. We have found our Council an excellent vehicle for improving the labor relations climate in specific bargaining

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relationships throughout the community. Our general approach is to assist the parties in establishing where they are on the conflict.- cooperation continuum and then, using a variety of techniques in moving the relationship away from conflict and toward cooperation. Our techniques include plant labor-management committees, industry-wide labor management committees grievance mediation, pre-negotiation studies, training in cooperative labor relations, and in some crisis situations, working behind the scenes to resolve long term strikes. In contrast to some other area-wide efforts, our focus is on the bargaining relationship rather than on one specific techniques such as a plant committee.

However, the plant committee is one of our most powerful tools. It is a superlative device for encouraging, nurturing and implementing the ideas flowing from increased employee participation.

The agendas of our committees range from safety and environmental concerns to some very modern productivity improvement programs.

One of the major issues of the next decade in the personnel field in general and labor relations in particular will be the demand for dignity in the workplace from all classifications of workers. Personnel methods of the

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past are crude and outdated.- and as leaders we must open doors and minds and recognize that all of our people want to be involved in the successes and the problems of their companies. Mr. Chairman, the minds of our hourly workers are perhaps one of our greatest unused natural resources. And with the deep involvement of workers in the business comes a purpose, a dedication, a winning spirit and a strong sense of dignity - This drive for dignity will not be denied and it is essential that union and management leaders alike develop tools to broaden and deepen employee participation. Plant and industry wide LMC's are excellent tools for employee involvement.

One of the most important things we have learned from our committees is how they break through the institutional barriers of the rigid bargaining relationship we call "armed truce" and build the kind of trust and understanding necessary for the "working harmony" of more mature labor relations. I'm sure Mr. Dunlop is familiar with our terminology since it derives from work he had some part in, the "Causes of Industrial Peace" study done in the late forties and early fifties. We are now working actively with eighteen bargaining relationships, fourteen have labor management committees. We hope to be

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working with more than fifty bargaining relationships by the end of 1978. We have the technology, all we need is the resources to do the job.

Our first concern is the host of hangers-on and panacea pushers that are always to be found around any federal honey-pot. There are no doubt competent people around to aid LMC's in their employee participation and productivity efforts. But while they are valuable, they are few and the charlatans are legion. We would hate to see these funds, which can be wisely used to foster labor management cooperation throughout the United States, end up in the hands of phoney consultants, research oriented academics and secondary level "institutes", "projects", and other cover names for collections of incompetents dedicated only to their own enrichment and survival. We need these funds at the grass-roots where the action is.

A second concern is that these funds could be used as

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a federal carrot to induce the parties to start labor-management committees where no real local commitment exists. Believe me, Mr. Chairman, building mutual trust and commitment in a large city like Buffalo is no easy job. Especially, if I may be personal, for a union leader who must answer to 130,000 members, some of whom oppose anything new, much less union-management cooperation. Without that local commitment, a LMC is not only a political time bomb for union leaders, but an empty exercise which will last only until the first controversial issue comes along. It also seems to us that local commitment is a good test of the potential viability and effectiveness of an area wide LMC. Certainly it was in our case. We spent almost a year developing the support not only of labor and management, but public officials, political leaders and the media. There is no such thing as instant credibility, especially for something as unique and startling as an area wide LMC.

One answer to both these concerns would be to channel funds only to established area-wide LMC's. In this way, monies going to academics and consultants would be under local control and, I can assure you that with our panel of experienced management executives and labor leaders, it

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would be very tight control.

The only exception to this channeling through area-wide committees would be a small portion of the funds which could be distributed from Washington to finance "hands-on" field research in cooperative labor relations, employee participation and productivity improvement. Presently we have a jumble of fads and nebulous terms such as "quality of working life" - We need a clear understanding of how cooperation and employee participation integrate with the ongoing collective bargaining process.

By insisting that the Committee be well established before it receives federal funds, local commitment would have to be "up front" where it belongs. Our suggestion is that a committee be in existence for at least a year, be funded locally for that period and be able to show a clear record of progress before it be considered "established". Further, there should be a substantial and continuing local match for funding support. In our view this match should be at least 20% of the budget.

Unless there is this kind of local commitment and control, the passage of the bill would spawn another federal bureaucracy, another set of guidelines written by the uninitiated and uninformed, and another feeding of the

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panacea piranha, Irv has another suggestion to make.

We have not been able to develop a consensus in favor of the employment maintenance section of the bill (Section 3 (a) 2 (B)). Indeed, no consensus was achieved even among the labor members of the Council. We feel that, whatever the merits of the idea, its time has not yet come. Further, we fear that its inclusion in its present form, may detract support from the more critical elements of the bill.

However, we cannot preach innovation and bold new steps and then throw out the first one we have a chance to comment on. We would therefore strongly support the inclusion of projects that in the words of the marked-up companion bill in the House:

"..... designed to establish the feasibility and benefits of policies and practices by which normal employment levels can be maintained through periods of downturn in demand which are characteristic of certain industries furnishing goods or services, by engaging workers who otherwise would be laid off in programs and activities intended to increase their skills and capabilities, and to realize more of their developmental potential, or by employing a percentage of the work time of a unit of employees, which is equal to the reduction in work time which would otherwise result from layoffs of such employees in programs and activities designed to increase productivity and increase organizational effectiveness, in cases where the President determines that, but for a grant or contract, workers would be laid off because of downturns in demand. Not more than four of the projects assisted at any one time under this section shall be projects described in paragraph (3) (B)."

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You asked, Mr. Chairman, for our assessment of the probability of the proliferation of area wide committees throughout the United States. We think the probability very high. We have a small city model in place in Jamestown and, in the last year, several similiar communities have started area wide committees - Evansville, Indiana, Lockhaven, Pennsylvania, and Cumberland, Maryland come to mind. In our own part of the world Elmira and Batavia, New York have committees in formation.

A year and a half ago two of the people who started Jamestown told us because of the very reasons Jamestown was a success, we would be a failure. Jamestown was small, we were large. Jamestown had a sense of community, we did not. Jamestown had few political problems, ours were enormous, etc. etc..

Clearly, they were wrong and we now have in Buffalo a large city, area wide LMC model which works. Other cities such as Philadelphia, Pittsburgh and Dayton have committees in some phase of formation. With a large city model in place, northeastern cities which share our plethora of problems, can set up effective area wide LMC's if they develop the one essential element - broad based local committment.

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If they do, I can assure them of a high adventure on seas which are still largely uncharted. We learned from Jamestown, but built our own program. Everyday we find other tasks to be accomplished. If anyone had told us six months ago our LMC would actually recruit firms to come to Buffalo, we would have laughed off the idea. But such a firm will open its doors November 1 - We are fascinated by the Philadelphia approach which is entirely different from ours and await with eagerness the record on the state-wide effort in Rhode Island. You get bruised and battered on the leading edge of a technology, but there are compensating rewards. It is essential, however, that established committees not have to devote 50% of their time on the hunt for funding. Therefore, we strongly endorse S.533 and can assure you that it will have the full support of our various constituencies.

We would be very pleased to answer any questions you and the Committee have, Mr. Chairman, on our report or our testimony."

THE BUFFALO-ERIE COUNTY
LABOR MANAGEMENT COUNCIL:

The
FIRST EIGHTEEN MONTHS

PRESENTATION MADE TO FEDERAL MEDIATION
AND CONCILIATION SERVICE SECOND ANNUAL
LABOR-MANAGEMENT CONFERENCE, WASHINGTON
D.C., SEPTEMBER 21, 1977

CO-CHAIRMEN: Daniel A. Roblin, Jr.
George L. Wessel

EXECUTIVE DIRECTOR: Robert W. Ahern

INTRODUCTION

The Buffalo-Erie County Labor-Management Council is a voluntary organization of top union and management leaders dedicated to the economic re-vitalization of the Buffalo area. It's specific objectives are:

- 1) To move specific collective bargaining relationships from conflict towards cooperative labor relations.
- 2) To aid the area economic development effort in industrial retention and recruitment.
- 3) To improve the community's human resources management.
- 4) To improve the image of Buffalo.

Through its labor and management leaders the Council represents more than 200,000 salaried and hourly workers in the private sector. (See membership list: Appendix A) In its first year the Council has been about the painful and educational process of finding out just how an area wide cooperative labor management effort can effectively and immediately to improve the economic viability of a large, northeastern city. We have concluded that our effort is not only viable, but perhaps necessary for the revitalization of North-eastern urban areas.

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Greater Buffalo, a community of some 1,400,000, displays the classic syndrome of economic illness endemic to many Northeastern cities: a distressing and accelerating drain of manufacturing jobs, severe unemployment chronically almost double the national average, a black inner city with all its attendant problems, City and County government with overlapping structures and recurrent fiscal crises. On top of this pile of problems, the area has had the reputation, not truly deserved, as a "bad labor town". This mythology posits tough, unbending labor leaders dictating to disciplined militant troops to extort higher than average wage increases and restrictive work practices from local employees through excessive use of the strike weapon.

This image has been so prevalent that it has had a direct and serious negative effect on the area's industrial recruitment. Further, underneath the mythology is the reality: there have been a number of situations in which poor labor relations has been an important factor in decisions to close plants. Further, a series of bitter, highly publicized long term strikes over the last several years reinforced this negative image.

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The genesis of the Council was the determination of its charter members to address the problems of the labor relations image and the labor relations reality in Buffalo. While the importance and magnitude of these problems were clear to the parties, there were a number of other factors which were important to the establishment of the Council.

First, there was the example of Jamestown, New York. Jamestown, a furniture and metal working city located in New York's Southern Tier, had manufacturing job drain and labor relations image problems similar to those of Buffalo. In the face of economic distress which had reached the crisis stage, the young Mayor, now Congressman, Stan Lundine, was the moving party in getting key industrialists and top union leaders together to form a new type of joint area wide program to change the labor relations climate. This effort was highly successful and highly visible and within the short space of three years the image and the reality in Jamestown had changed dramatically. Naturally, Buffalo management and union leaders were impressed and began to consider whether the Jamestown approach would work in Buffalo-

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A second factor was the experience of many of the charter members with mature, cooperative labor relations. In the last fifteen years, many of this country's major industries have learned to objectivize the collective bargaining process and to deal with each in a mature, non-emotional manner. In the steel industry, for instance, the parties have worked together on controlling imports, improving productivity and have objectivized the process by providing for industry wide interest arbitration in lieu of the strike. Persons exposed to this type of labor relations learn that a high degree of cooperation between union and management leaders is not only possible, but, in many situations, necessary.

A third factor was the involvement of the respective parties in community affairs. The two co-chairmen of the Council, George Wessel, President of the Buffalo area AFL-CIO and Dan Roblin, President and Chairman of the Board of Buffalo based Roblin Industries, had worked together in such traditional activities as fund raising, on hospital boards, in government manpower programs, and even in economic development efforts such as the Greater Buffalo Development Foundation. These activities not only re-inforced the ability of the parties to work together productively, but also developed a sense of joint frustration as they saw the inability of the public sector to cope with the economic ills of the area. Of this frustration was born the

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desire for a joint union-management private sector involvement in economic development activities.

The climate was therefore, ripe for action when a resolution was passed early in 1975 by the AFL-CIO Council asking for the establishment of an area-wide labor management committee. This resolution was followed up with a series of private meetings with five union leaders and five management leaders which eventually produced the decision to found the Council. Local political leaders and Congressmen were also involved in the discussions, but it was determined early on that the Council would be totally private sector and that political leaders would be supportive but behind the scenes.--

The first order of business was the hiring of an executive director. But, while this objective was being pursued, the Council in collaboration with Cornell University, sponsored a state-wide meeting of union and management leaders to discuss the economic problems of New York State. This conference was held November, 1975 and attended by some 500 labor and management participants from all over the State of New York - The conference was the first of its kind and resulted in a series of specific resolutions agreed to by both union and management including a moratorium on tax increases and specific studies of New York States tax structure.

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Despite, or perhaps because of, the unique nature and results of the meeting, little attention was paid by political leaders, the media or the public. The concept of labor and management working together for the good of the community and the state was an idea whose time had not yet come.

The co-chairmen decided to expand the Council from its ten charter members to sixteen to include other important elements of the labor-management community. Accordingly the Sub-Regional Director of the UAW, the District Director of the United Steelworkers and the President of the Carpenters Union as representative of the Building, Trades Council, were added from the union side.-- Three more top executives from industry were added to give the Council a wider representation among industries.

An executive director, Robert Ahern, was hired on December 1, 1975 and the Council announced its formal organization on February 12, 1976.

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WHAT DOES THE COUNCIL DO?

The council had two widely varying models to look to for guidance. The first is the Toledo Labor Management Committee. This committee was established in 1946 by Michael DeSalle, then Vice-Mayor of Toledo, later Governor of the State of Ohio. The committee is tripartite with representatives of labor, management, and the public.

In addition to a very visible communications function, the Committee handles:

- 1.- Negotiations mediation
- 2.- Strike mediation
- 3.- Grievance mediation
- 4.- Grievance arbitration
- 5.- Card counts in organization cases

The Committee's modus operendi is to appoint a tripartite panel, chaired by the public member to handle the above situations as they arise. Many contracts in Toledo, for instance, specify that the parties will turn to the Committee when grievance arbitration becomes necessary. One key to the success of the Committee is the network of close contacts which has grown up among committee members and other community labor, management and public leaders. This network functions informally to resolve

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labor problems both before and after the dispute is submitted formally to the committee.

The other model is Jamestown, New York. The Jamestown Committee's major functions are communications, the establishment of plant labor-management committees and training.

Plant labor management committees are non-adversary forums, specifically divorced from the grievance and negotiations processes, where the parties meet monthly to work jointly on problems where their goals are the same or similar. Over the years the agendas of such committees have ranged from such obvious areas of joint concern as safety, absenteeism control and training to very sophisticated organizational development, productivity improvement and quality work life projects.-

While the concept of such plant labor management committees is not new, the use of an area wide committee as a catalyst to encourage such committees and to provide third party assistance through its staff is highly innovative and highly productive.

Jamestown has done significant work in industry wide vestibule skill training, and for joint groups of foremen and union stewards in grievance handling and communications.

Today, after more than four years, the impact of the Jamestown Labor Management Committee on the community and the image of the community has been profound. More than twenty bargaining relationships have been involved, from time to time, in the

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Committee's program and Jamestown is now widely known as one of the most progressive labor relations areas in the country.-

However, neither of these models could be directly applied to Buffalo. The vast size difference, the complexity of politics, community organizations, union structure and differing industrial mix, made it impossible to copy the complete Jamestown model. The strong record of both the Federal Mediation and Conciliation Service and the State Mediation Board made the choice of the Toledo model unnecessary and inappropriate. Therefore, the Council chose to develop its own model.

The first eighteen months have therefore been a time of learning. Below is a short summary of the functions the Council has developed along with some specific examples of what we have accomplished in each area.

1. IMPROVING THE LABOR RELATIONS CLIMATE IN SPECIFIC BARGAINING RELATIONSHIPS

The approach of the Council is to work with the parties to analyze the status of their current bargaining relationships on a continuum from conflict to cooperation. Five "model" bargaining relationships are posited along the continuum:

Open Confrontation Warfare

Guerilla Warfare

Armed Truce

Working Harmony

Sr-Jr. Partnership

Appendix B details these models

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Once the current status of the parties has been determined, one or more of an arsenal of techniques is utilized to move the parties toward the cooperative end of the spectrum. These tools include:

A. Plant-Labor Management Committees

Appendix C spells out the mechanics of these committees and how they relate to the collective bargaining process. The keys to the success of these committees are the commitment of the parties, the careful development of the agenda, and the wide communication of all committee activities throughout the plant.

The Council now has established such committees in twelve plants in the private sector and plans to add two per month over the next year. Our objective is to have 50 LMC's by the end of 1978.

B. Training in Cooperative Labor Relations

In conjunction with Cornell University, the Council has developed a course which is designed to be presented to union and management leaders from the same company. The course presents the model collective bargaining relationships intergrated with principles of contract administration handled at a relatively high level.

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Case studies and role reversal (union leaders playing management leaders and vice versa) are a part of each session. In the summer of 1977 this course was presented to teams of management and union leaders from four companies with ongoing LMC's. The results were very positive both in terms of classroom performance and behavioral modification in LMC activity.

The course will be used to prepare for the establishment of LMC's or in conjunction with ongoing LMC's as the case demands.- One Council member has prepared a slide-tape presentation of the course which will be shown to all 1800 employees of his company to prepare the way for LMC formation.

C. Industry-Wide Labor Management Committees

Currently there are two industry wide committees, both on Buffalo's water front. They are relatively small groups but their heart is mighty and their success substantial.

The first is a committee composed of the International Longshoremen's Association (ILA) and four firms in the cargo handling industry. By 1976, the cargo business in the Port of Buffalo was essentially dead. The ILA which in the heyday of the port had several hundred members was down to less than 10 full time employees.

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The LMC set the development of container export as its first objective. This effort began in September, 1976.

Over the years there had been sporadic efforts to develop such business by the Niagara Frontier Transportation Authority (NFTA), the Chamber and individual cargo firms, but a well-organized, cooperative effort had been lacking. The LMC became catalytic agent moving the effort along. It helped organize a user's group of area firms currently exporting containers through other ports. It made sure various agencies concerned were in full communication by inviting them to its meetings, and when contractual work rule changes were required to make the port competitive for low volume start up container business, the ILA agreed to the necessary changes. Representatives of the LMC also took an active part in soliciting steamship lines to call at the Port.

As a result of all these efforts, some fifty containers, the first substantial new business in years, will leave the Port of Buffalo in October.

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A second industry wide committee has been established between another local of the ILA and the grain-milling industry. Buffalo is the largest grain milling center in the United States. For some years, especially in the decade of the fifties and the early sixties, labor relations in the industry were very poor. Bitter economic strikes and constant wild cat strikes developed animosities that are dying a very slow death. By the seventies relationships had improved, but the residual animosity created in which management personnel were prone to characterize the ILA as militant, rigid and fanatically devoted to anachronistic and inflexible work rules. This attitude was reflected by the economic development fraternity and was thus a major impediment to the industrial development of Buffalo in general and the water front, where the Mills are located, in particular.

A particular thorn in the side of progress was the allegation that the ILA would make minimum crews a pre-condition for any contract with a new firm on the waterfront. Even before the LMC was formally organized, the ILA passed a resolution that in the event a new firm moved into one of the abandoned grain elevators it would set no preconditions for bargaining. Indeed, private

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assurances were given very modern and reasonable contracts could be negotiated.

The first order of business for this LMC was a joint study of contractual work rules. Two members from each side were assigned to the study, which was directed by the Council's Executive Director. By late 1976, the study was completed. It showed that, in general, the work rules that exist have been reasonably practical for the parties. Further, the history showed that the parties had modified the rules to meet the demands of new technology and business fluctuations. For instance, minimum crews have been reduced when major technological changes cocurred. There were, however, a few obviously inefficient rules, rooted in a very obscure history, which have not been modernized. The study recommended a series of practical bargaining trade-offs to eliminate such rules. The parties are currently in negotiations and it remains to be seen how many of the recommendations will be accepted. However, it is clear that the study, by tracing the history of the rules and objectively analyzing their practical effect, has already resulted in reduced emotionalism, lowered voices and increased understanding between the parties.

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The next major objective of both these LMC's will be developing an overall plan for the economic development of the waterfront. They form the nucleus around which we are building a steering committee to guide the grant we will receive from the Economic Development Administration, some 8 million dollars, to develop the waterfront.

It would appear that the industry-wide structure for LMC's is a very promising approach. We have only tapped the surface here and will be working with an association of some 140 employers which bargains with nine unions to see if the industry-wide concept can be applied to a large group.

D. Public Sector LMCs

During the first year of its existence, the Council stayed away from any involvement with the public sector. However, major bargaining problems, including a twenty day teacher's strike in the City's schools, convinced members that the Council should do what it could to improve public sector labor relations.

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Accordingly, two public sector committees were established in nearby Niagara County government, one with CSEA and one with AFSCME. We chose Niagara County because it is large enough to be a significant pilot project (there are 860 employees in these two units) and yet small enough that we can quickly develop an effective public sector LMC model that can then be transferred to the much larger Erie County and Buffalo City governments.

To date the committees have been successful. Further, the model they are building is somewhat different than our private sector approach. First, the management co-chairman is the personnel director, not the chief executive. Second, the majority of the work is done by "mini" LMC's in specific departments.

By year end we will publish a report on this experience and determine whether the model from our pilot plant can be effectively transplanted to Erie County.

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E. Involvement in Long-Term Strikes

The Council has found that its well-developed network of contacts is a valuable tool in ending long term strikes. Over the past year it has been involved in two major long term and very bitter strike situations.

In the first strike, because of his experience as a mediator and his knowledge of the parties, the Executive Director supplemented the efforts of the FMCs and helped mediate a solution to the strike. The management Co-Chairman was especially helpful in developing communications behind the scenes.

In the second strike, the Council was involved only as a behind the scenes participant. After the strike was settled, a plant LMC was set up and, within six months an almost cooperative relationship has developed.

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It is our conclusion that the Council can be a very effective supplement to the FMCS and other mediation agencies in using its network of contacts to clear line of communication and clarify issues. We believe mediation should be undertaken only in rarest of cases, only when the director is an experienced mediator and only with the full cooperation of the FMCS or state mediation agency.

F. GRIEVANCE MEDIATION

It sometimes occurs that a clogged grievance procedure stands in the way of establishing a cooperative effort. The ideal solution would be to get the FMCS or other mediation agencies to mediate these grievances. However, given the massive work load of these agencies, such assistance is often not available. The Council has in such situations, mediated grievances to open up the grievance process.

In one situation, where there were only a few grievances, the effort was successful and a cooperative effort developed. In another, there were some thirty grievances, the effort was only partially successful.

Since our experience here is limited, we have decided to continue this service, but with a high degree of caution and only where the chances of immediately establishing an LMC are very high.

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2. INDUSTRIAL RETENTION

Given the ongoing and distressing drain of manufacturing jobs from the area the Council decided that it must make a major effort to assure that no firm left the area because of labor relations problems. Although an autopsy study of thirty firms which had left the area indicated that labor problems were a major reason in only two cases, the Council feels that two is exactly two too many.

The network of Union management and public sector contacts the Council has been building is now providing us and the economic development community with an early warning system to identify firms which are considering relocation. Our approach is to meet with company officials to explore all their problems in detail. In many of these exploratory talks it turns out that the problems are real, but are not labor problems. We then refer these problems to the economic development activists who will address them with a sense of urgency.

If there are labor problems of one sort or another, we meet with the responsible union officials to explore the possibility of utilizing a labor management committee or one of the other techniques we have developed to address the problems.

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A major printing firm headed by a Council member and employing 1500 hourly workers, came to us in late 1976 with a formidable problem; a major competitor in one of his three product lines had built a plant in rural Tennessee and was pricing contracts 25% below our member's cost. What could be done to retain the firm in Buffalo? The Council member was willing to lay out the details of his financial predicament to public sector officials, the union and the public and, in effect, say to them: "What are you willing to do to help me stay in Buffalo-?"

The Council helped him orchestrate his campaign and in the fall of 1976 all elements of the community were given this firm's full story in detail.

As a result:

- 1) The State Department of Commerce under the leadership of our aggressive Commissioner, John Dyson, gave the firm a job incentive benefit in the form of a \$50,000 per year tax write off for the next ten years.
- 2) The contracts with the firm's nine union's were opened early and a reasonable and equitable settlement was reached in a timely manner.
- 3) Some adjustments in local tax assessments were made.
- 4) Some fifty CETA-OJT programs were established saving the Company on the order of \$200,000 in 1977.

(21)

The Council's role in this process was:

- 1) Helping to program the communications program
- 2) Monitoring the bargaining process which included:
 - a) The Executive Director supporting both negotiators as "another head" and providing some technical advice.
 - b) A meeting at a critical juncture of the co-chairmen with the firm's general manager which resulted in:
 - a) increased contact between the Executive Director and the negotiators
 - b) the timely intervention of the FMCS
- 3) Brokering the 50 CETA-OJT jobs between County CETA and the Company.

Now this is not to say that the firm will, after all is said and done, remain in Buffalo. But the above record clearly shows that the Council and other economic development agencies have been responsive. Further, this is the firm which is now preparing to use the Council's typology of bargaining relationships to educate its entire work force.

In several industrial retention cases the Council has established LMC's or acted as a catalyst in the bargaining process and, in no case, to date has a firm we are working with left the area.

(22)

3. INDUSTRIAL RECRUITMENT

The Council at first, saw little that it could do in this area. But as the economic development agencies in the area began to work closely together, several recent cases have occurred in which the Council has been actively involved in the recruitment process.

In early June members of the Chamber and our Industrial Development Agency referred to us the following case. A textile firm from Toronto set up a New York Corporation, took an option on a building in the City of Buffalo and then set out to hire sewing machine operators. Using conventional sources they could not find one trained sewing machine operator in the County. They then sought government funds for training and were told that no such funds were available because of prohibitive regulations. The firm then entered into negotiations with Erie, Pennsylvania. Within three days of the referral of this case, the following events occurred:

- (1) One of our Council members, Dick Slicz, who is from the Textile Workers and also a County Legislator, called a meeting of our Human Resources sub-committee (see below) at which it was determined that CETA funds could be utilized if certain conditions were not met. The firm met those conditions.

(23)

- (2) The TWU had identified a cadre of twenty or so experienced sewing machine operators.

The firm has decided to locate in Buffalo, creating some 150 jobs. The doors will open November 1.

It may seem to the uninitiated that the involvement of the union guaranteed that the plant would be unionized. This is not the case. The Company will be non-union. Our union leaders are sophisticated and pragmatic. They understand that the name of the game is jobs.- Of course, they also recognize that new non-union shops present targets for organization. Skeptics should be referred to Jamestown where the one large firm which has been recruited into the area, Cummins Engine, was in the beginning and remains to date, non-union.

Currently, we are working on a number of other cases. One example is a South American firm which wants to locate in an area which is under the control of Union A. The Company has no objection to a Union, but the contracts of Union A, which have been developed for a different industry, are totally inappropriate for the business of the firm. If the business were not to be located in geographical proximity to Union A, Union B would have logical jurisdiction.

(24)

The Council has referred the matter to its union members, and either Union B will have jurisdiction or Union A will accept a contract appropriate for the industry.

These ventures into recruitment are recent and experimental for the Council. However, it now appears that the Council can help in this area and with the growing coordination between the Council and other economic development agencies, it is expected that the Council's work load in industrial recruitment will increase.

4. TRAINING

1. Cooperative Labor Relations

The Council's training program in cooperative labor relations has been detailed above. In the next year the program will be used to market the LMC concept, and to move the LMC concept into the public sector.

2. Safety

The Council is developing, in concert with Canisius College, a labor-management training program in safety. Based on the National Safety Council's "Key Man Program" it will be presented to twenty-four participants from five on-going LMC's in October.

(25)

3. Productivity Training

The Council has developed an outline for a short twelve-hour course in the basics of productivity and productivity improvement techniques. The objective of the course is to define the term productivity showing that there are dozens of factors affecting productivity improvement, the vast majority of which have nothing to do with the individual effort and dedication of employees. Such an understanding will remove the word "productivity" from the realm of theology and let the parties face the problem pragmatically.

5. ORGANIZATIONAL DEVELOPMENT PROJECTS

The Council plans to embark upon two OD projects in late 1977.

In the first company, top level management and union leaders have strong rapport, trust and communication. But the union membership will not openly communicate with either the union or the company. The Council will attempt to define the problem, open communications, and improve the organizational climate.

The second project will be an attempt to establish an "autonomous work group" in a grainmilling firm.

(26)

6. HUMAN RESOURCES

By mid-1976 it was clear that, if the Council was serious about improving the economic health of the area, it could not, despite its initial inclination not to get involved in problems other than labor relation, avoid the problem of structural unemployment.

This is the problem of the mismatch between the demand for skilled workers and the supply of under trained or in-appropriately educated applicants for employment. In our area, for instance, there is a chronic and continuing need for highly skilled welders and tool and dye makers. At the same time, we have close to 80,000 people unemployed and more than 80 million dollars in government manpower funds, a large part of which is specifically earmarked to train the unemployed for jobs in the private sector. This necessity to match supply and demand is commanding in a labor market where the true unemployment rate is close to 15%.

The Human Resources Sub-Committee is the Council's action arm for manpower projects. It is headed by the Associate Director and its membership includes three management personnel executives, two union manpower experts, and representatives of the State Department of Labor and the City and County manpower departments.

(27)

7. FUNDING

In these first eighteen months the funding of the Council has been completely local. On an annualized basis, our budget was \$50,000; about \$30,000 from the county, \$7,000 from the City and the remaining \$13,000 from the private sector, union and management, through the Greater Buffalo Development Foundation. Our entire staff has been the executive director and a full time clerk-typist for ten of the eighteen months. Prior to that we had only part-time clerical help.

Given the progress of our program our funding problems are gradually being resolved. On August 1, we received additional County funding and have added two professional staff members. The EDA has assured us of funding for the next year.

However, our struggles for funding over the last year commanded an undue amount of our time. We clearly showed that there was a strong local government and private sector commitment to the program. Yet, until recently, the myriad funding sources you have heard about from the FMCS turned a deaf ear. The exception was the EDA.

(28)

But even with the EDA listening, it has taken us more than eighteen months to reach the friendly stage. Part of this delay was our own fault because our economic development organization was not in place, but there was also a severe shortage of appropriate funds in that agency.

Clearly, there is a crying need for federal legislation to provide one source of federal support for area wide LMC's. We, therefore, support the Lundine-Javits Human Resources Development Act. However, we believe that:

- (1) Local communities should demonstrate their perceived need for a commitment to such a Council by providing no less than 25% of first year funding.
- (2) Local communities should demonstrate their continued commitment to the program, by providing no less than 20% of total funding on a constant basis.

Obviously, this local funding should include private sector support, from both unions and management. The dollar amounts should be flexible, but strong local commitment must be shown. Without it, you have an empty exercise.

(29)

The FMCS suggestion that FMCS internships be instituted in large city LMC's has exceptional merit. We would be delighted to have two or three federal interns, financed by FMCS, in our employ for two years. They could help us locally but could then be available to carry the message to Cleveland or Boston or Chicago or even New York as the FMCS decided.

The Sub-Committee's major current effort is an occupational needs analysis of some 300 manufacturing firms. The methodology includes the development of detailed three and five year projections of roughly 100 classifications which are specific to the firms two digit SIC code. In the first several firms we have analyzed, a considerable number of near term openings have been discovered and are beginning to be filled, many with the assistance of government manpower funds. In one metal working firm, for instance, we discovered that 63% of the 140 man work-force, whose average age is 48, will turn over in the next seven years. Eight near term vacancies were discovered and are now being filled. In a chemical firm employing 500, with an average age of 51, 40% of the work force will turn over in seven years and approximately 20 near term vacancies were created as a result of the analysis.

(30)

The credibility the Council has built in its other functions, has been critically important in gaining the cooperation of private sector employers. Because the Council has the expertise and rapport, employers will share with us demand data and projections they will not share with public sector.

When the survey is completed the aggregate data will be shared with the Department of Labor and the vocational and other educational institutions in the area.

In August, Bethlehem Steel announced the layoff of 3500 of the 11,500 employees at its Lackawanna plant. The Economic Development Administration (EDA) requested that the Council run a "crisis center" to aid these workers in making a transition to other employment. This "Operation Transition", jointly run by union and management, has been set up at Erie County Community College and by early October several dozen unemployed workers will be enrolled in training programs in welding and tool and die making. In the near term, we anticipate putting at least three hundred people through these two programs alone. The fact that the Center is located in a building specifically built for vocational education will be an important element in its success.

(31)

It now seems reasonably clear that the Council has an important role to play in harnessing public sector manpower resources to meet specific private sector needs. The Council can provide communications links, manpower planning expertise and constant pressure to assure that available manpower funds are utilized productively. It can provide a forum for upgrading the manpower demands of the private sector with educational and training institutions. Further, it can make private sector manpower planning and training expertise available to the public sector.

Our first effort is to make effective use of the more than 30 million Title I CETA funds available in the County. This will be the major assignment of the Human Resources Sub-Committee over the next several months.

(32)

CONCLUSION

Our first eighteen months have been both exciting and rewarding. Together, our labor and management leaders have taken the Jamestown model and made it workable in a large urban area. To the basic Jamestown functions of plant labor management committees, training and communications we have added industry-wide labor management committees, ending long term strikes, grievance mediation, industrial retention, industrial recruitment and a unique and innovative human resources program. There are some in the field who would argue against our involvement in some of these functions. But our experience has convinced us that there is no "revealed wisdom" on area-wide labor management committees. The endeavor is much too new and much too dynamic for any claims of expertise. Certainly we make no such claims.

We hope that this sketch of our short history will encourage other communities, especially large cities, to establish area-wide councils. We have a few answers, but we have many more questions. Do LMC's have a role in pre-negotiation studies? How can we communicate effectively with the academic world in general and industrial relations academics in particular? How does the LMC phenomenon fit into the theory and practice of the collective bargaining process? Can we develop effective public sector LMC's? Can the LMC concept be applied in organizations with more than 2000 employees? How can LMC's be efficiently funded?

(33)

Only when there are several more area-wide LMC's struggling as we are to learn, open-minded, willing to experiment, and to break through the rigidities and mythologies of the past, will we find answers to these questions and begin to know the true dimensions of area-wide labor-management cooperation.

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Senator JAVITS. Our next witness is Professor O'Toole.

Professor O'Toole, thank you very much. I understand you have come from California for this testimony. We certainly appreciate it greatly, and know that it will help us very materially.

Your whole statement will go into the record. I hope you will feel free to summarize it.

STATEMENT OF JAMES O'TOOLE, ASSOCIATE PROFESSOR OF MANAGEMENT, UNIVERSITY OF SOUTHERN CALIFORNIA

Mr. O'TOOLE. I should like to thank the committee for the opportunity to testify on behalf of the Human Resources Development Act of 1977. Because of the others who you have called before you this morning speak more knowledgeably than I about the particular implications of this bill for labor, management, and the national Administration, I would like to address its broader implications for several emerging social and economic trends in our society.

I think the foremost of these is a rather unique transformation that is occurring in our economy, and one that I do not believe that we have addressed this morning. Let me give you just a couple of examples of these changes.

The first of these is that the United States was once one of the chief producers of cheap manufactured goods. But today our comparative industrial competitive advantage is in sophisticated technology.

Second, the United States was once a land of laboring immigrants who were grateful for any job at any wage, to whom the most rudimentary benefit from society was considered a privilege. But today, ours is a generally affluent population, with increasingly egalitarian expectations, to whom the most advanced of society's benefits—free education and health care, lifelong economic security, even interesting jobs—are seen not as privileges, but as entitlements.

Now, in this rather altered world, I would argue that our traditional economic ideas about human resources are perhaps obsolete. The difficulty is that most of our economic thinking that guides industrial practices is based upon experience from the period of the industrial revolution, as modified somewhat during the Depression. But, unfortunately, the future economy that we are facing is not accurately reflected by this past experience.

The consequences of this is that many of our policies that are generated by traditional economic analysis, often become inappropriate.

I do not think that anywhere is this obsolete nature of economic thinking more evident than in the traditional treatment of human resources. For example, to an economist progress results from replacing workers with machines. The human is a factor of production that needs to be traded-off in order to increase productivity.

If we examine this assumption (one that seems to underlie most industrial practices today), I think we may find that it clearly no longer will apply in the future. There are really only three categories of resources from which people may draw in order to produce what they need to sustain life. These resources are land, capital, and labor. And by "labor" I mean all aspects of human skill, intelligence, ingenuity, and other abilities. But significantly the first two of these

factors of production, land and capital, may be reaching the point of maximum exploitation in our society.

It would seem then that the improvement in the quality of life will occur mainly through making better use of the third factor of production, which is the human resource. And by better use, I mean not harder work, but smarter work. Humankind's puny muscle power is not a potential source of greater programs, rather, it is the intellectual powers of the race that constitute an immense reservoir of productivity and advancement.

But here I would like to argue that my notions of productivity and advancement differ from those of the economists, and, I think, differ from those of management, and trade unions today.

When the economist thinks about increasing productivity, the model he has in mind is an assembly line worker whom an industrial engineer should try to make work faster or, failing that, should replace with a machine.

This model of economic development was quite appropriate for an era of cheap energy, surplus capital, high consumer demand for low quality, mass-produced goods, little environmental concern, and a poorly educated work force. But the model I have in mind is of an engineer trying to develop new uses for things called microprocessors—those tiny computers contained on a chip of silicon.

Now, this is a major area of growth in the world economy, and one in which the United States is the dominant force. In many cases, the United States does not even produce the goods that utilize microprocessors. Nevertheless, American companies invent, design, finance, and market these little miracles for the world.

Our future standard of living depends not on our ability to produce shoes, shirts, or shinola, but on our ability to remain competitive in high technologies—that is, all the knowledge industries including computers, scientific instruments, rockets, engineering services, and management consulting.

Important, high productivity in knowledge industries permits us to expand the services sector of the economy—where already over half of our work force is employed, and where most jobs for the disadvantaged can be created. Significantly, the key to productivity in both high technologies and services—which together probably constitute over three-fourths of our private economy—is the development of the human resource.

Today, unfortunately, most of those who have testified have only spoken about the one-fourth of the work force that are engaged in manufacturing. I think it would be shortsighted if we addressed only that sector. The important question is how can one go about tapping the resources in these many areas of economic activity. Now, clearly I would argue that the present system does not do this. We have a problem of underemployment in our society. Something like 80 percent of the American work force is underemployed. That is, we are not making full use of their human resources. The major reason for this has to do with what we might call “class attitudes” of management.

I do not mean to convey by this any sort of Marxist overtones, but rather, there is a difference in perspective between management and labor that has prevented management from making full use of the

capabilities of the workers. For example, we have found in many instances that when workers have tried to suggest better methods for organizing their tasks, the employers invariably have responded with indifference or contempt.

This sets up a kind of self-fulfilling prophecy in which the workers end up not producing—just as management assumed they would not.

Now, there are some clear parallels here to what has occurred in Europe. The situation in the United States is not as bad as it is in Britain, where class conflict is the rule, but neither is it as good as that found in, say Germany and Scandinavia, where cooperation is the mode.

I would argue that in a postindustrial society dominated by services and knowledge industries, cooperation is simply the only appropriate mode for labor relations. We must, therefore, find sources of cooperation. We must find ways of tapping the human resource. I believe the only way this can be tapped is through participation of workers in decisionmaking.

All the efforts that have been directed over the last 8 or 9 years toward job enrichment, and other ways of trying to coerce productivity out of workers, have failed. The only examples that we have of success have been where cooperation and participation have been the key.

I would argue that cooperation is not always achieved in the form of these labor-management councils that the bill seems to be advocating. I think there are many different forms of cooperation, many different forms of worker participation. What is terribly attractive then about the bill before you is that it does not seek to describe only one way of getting cooperation, and only one way of getting participation—it leaves these quite flexible.

I think this is the way to proceed. I believe the chance is great that employers, unions, workers, and scholars, working together, can find better ways to develop human resources. I think this can only be done through experiment and negotiation among the parties directly involved.

For this reason I urge the subcommittee to resist the temptation to tighten up the specific aspects of this bill.

The union leaders and corporate executives who have come before you today have given perfectly reasonable demands for specificity, which I believe will destroy the flexibility of the bill.

Pressures will come to you, for example, to deal only with blue-collar workers, when white-collar workers are the majority of workers in our economy. Pressures will come not to deal with the participation issue of middle-level managers. But this group also has to be included. It will be argued that only union shops should be eligible for support. I think we have to leave this open, because I think without flexibility, there will be reduced likelihood of the kind of experiment and innovation that is needed to respond to this new order of social and economic challenges that the Nation is going to face in the future.

Senator JAVITS. Thank you very much, Professor O'Toole. As I say, your statement will be placed in the record.

I have just one comment. I notice on page 10 you say, "After they returned to Tennessee, about 60 jobs at Bolivar were altered and rotated in ways suggested by the workers, and the increased productivity that resulted was shared with the workers by giving them more time away from work."

Now, that is fascinating to me, because the common wisdom says, you share the profits, you give them profit sharing, stockownership, and so on. But I thoroughly agree with you that in given situations workers may enjoy much more having to work only 4 days a week because they are so good at it and they earned it themselves. I think it is a very sage approach and one which we will study. Unless you have a case study, we will get one and put it in the record at this point, because it is so original and productive.

MR. O'TOOLE. I think the lesson in that case, Senator Javits, is that when the workers have been given the opportunity to deal with these problems on their own, they have come up with far more creative methods of dealing with problems than economists or industrial engineers or other types of scholars have been able to do.

And I think anything we do to inhibit that basic ingenuity of the American workers will undercut the value of your bill.

Senator JAVITS. Very good. Senator Chafee?

Senator CHAFEE. Thank you, Professor.

I think that yours is the most definitive piece of paper that we have received. The research you have done on the IQ's of various workers at different levels is very interesting. I suppose one of the fears in this production business is you get all the production geared up, and then management will change the quotas on you.

There must have to be a great deal of careful trust and mutual cooperation on both sides, I think.

MR. O'TOOLE. I think the trust is clearly the key. And I have characterized the system that we have in the United States as one of mutual mistrust. In a normal plant, the attitudes of the workers and the managers is not one that is conducive to working together to increase productivity or to increase the quality of working life. So that anything that we can do—like these councils or other forms of participation and cooperation—that would create greater trust, I believe would have side effects in terms of our overall economic competitive position of the Nation and the quality of life.

Senator CHAFEE. Mark Twain once described his relationship with his father as armed neutrality. I suppose that is what best describes the situation of management and labor in the United States. Thank you very much.

Senator JAVITS. Congressman Lundine?

MR. LUNDINE. No questions, thank you.

Senator JAVITS. Thank you very much, Professor O'Toole.

[The prepared statement of Mr. O'Toole follows:]

Testimony of

James O'Toole
Associate Professor of Management
University of Southern California

before the
Senate Human Resources
Subcommittee on Employment,
Poverty and Migratory Labor

September 27, 1977

The Human Resources Development Act comes before the Congress at a unique juncture in the history of the American economy. It is my observation that our incredibly successful economy is now undergoing a process of fundamental transformation. The components of this change can be readily agreed upon: the introduction of new and powerful technologies, radical shifts in resource availability, departures from longstanding social and demographic trends, and alterations in the international political order. What is significant and controversial about these changes is that they may be conspiring to produce a discontinuity with past economic history. If this is the case, then the traditional assumptions that have guided our thinking about national economic policies and private industrial practices are now obsolete and invalid. In short, I shall argue that to think appropriately about the future development of human resources will require an updated, revised and more appropriate model of how our economy works.

When considering a bill such as the one before this subcommittee, it is important to keep in mind that the "laws" of economics have been "empirically derived." That is, economists have observed past behavior, codified it, and predicted that the same behavior will also prevail in the future. Significantly, the current ideas of economists are based on the era of industrialization in Europe and America, modified significantly as the result of the experience of the Depression.

But America's economic future is likely to be significantly different from this past, a past that unfortunately constitutes the data base for

all our economic assumptions and human resource policies. Let me offer a few examples to support my assertion: 1. The United States was once one of the world's chief producers of cheap, manufactured goods. Today, our comparative industrial competitive advantage is in sophisticated high technology. 2. The United States was once a land of laboring immigrants, grateful for any job at any wage, to whom the most rudimentary benefit from society was considered a privilege. Today, ours is a generally-affluent population with increasingly egalitarian expectations, to whom the most advanced of society's benefits -- free education and health care, lifelong economic security, interesting jobs -- are seen not as privileges but as entitlements. 3. The United States was once a vigorously independent frontier economy, with limitless opportunities for financial and physical growth. Today, we find ourselves dependent on foreign sources for such vital and diminishing resources as chrome and petroleum, and our domestic stocks of uranium, natural gas and other energy sources are being quickly depleted. Related, growth is being slowed by the damaging environmental effects of the increased use of many of these same scarce resources.

In such a world, traditional economic ideas are obsolete. And, because these ideas are based on anachronistic data, the policies and programs generated by traditional economic analyses are often inappropriate. Nowhere is the obsolete nature of economic thinking more evident than in the traditional treatment of human resources. For example, to the economist, progress results from replacing workers with machines. The human is the factor of production that needs to be traded-off in order to increase productivity.

Let us examine this assumption, one that underlies most industrial practices in America today. Clearly, there are only three categories of resources from which people may draw in order to produce what they need to sustain life. These resources are land (including energy and all other natural resources), capital (including machines and all other man-made sources of wealth), and labor (including all aspects of human skill, intelligence, ingenuity, and other abilities). Significantly, the first two of these "factors of production" may be reaching the point of maximum exploitation. By the end of the current millennium, it is unlikely that great increases in productivity will still be wrung out of natural resources (unless power from the sun--or sunlike fusion power--can be effectively harnessed). But even if we make the risky assumption that there are no immediate limits to natural resources, it is not clear that humankind will continue to benefit from greater use of capital-intensive machines. The kinds of machines that industrial societies seem bent on producing often bring pollution, waste, inefficiency, cheap and shoddy goods, unemployment, and a general diminution of the quality of life. But economic growth, per se, is not at fault. Rather, growth pursued in the traditional mode of the industrial revolution seems inappropriate for tomorrow's constrained environment.

It would seem, then, that improvement in the quality of life will occur mainly through making better use of the third factor of production--human resources. And by "better use" I mean not harder work but smarter work. Humankind's puny muscle power is not a potential source of greater progress; rather, it is the intellectual powers of the race that constitute an immense reservoir of productivity and advancement.

But here my notions of productivity and advancement differ from those of the economist. When the economist thinks about increasing productivity, he has in mind an assembly-line worker whom an industrial engineer should try to make work faster or, failing that, should replace with a machine. This model of economic development was quite appropriate for an era of cheap energy, surplus capital, high consumer demand for low-quality, mass-produced goods, little environmental concern, and a poorly-educated workforce. The model I have in mind is of an engineer trying to develop new uses for micro-processors--those tiny computers contained on a chip of silicon. This is a major area of growth in the world economy, and one in which the United States is the dominant force. In many cases, the United States does not even produce the goods that utilize micro-processors. Nevertheless, American companies invent, design, finance and market these little miracles for the world. Our future standard of living depends not on our ability to produce shoes, shirts or shinola, but on our ability to remain competitive in high technologies--that is, all the knowledge industries including computers, scientific instruments, rockets, engineering services and management consulting. Important, high productivity in knowledge industries permits us to expand the services sector of the economy--where already over half of our workforce is employed and where most jobs for the disadvantaged can be created. Significantly, the key to productivity in both high technologies and services--which together probably constitute over three fourths of our private economy--is the development of the human

resource. Even in the relatively shrinking heavy industries--steel, autos, etc.--the key to productivity is not in workers' laboring harder, but in their working more cooperatively, intelligently and committedly. Consequently, the development of untapped human resources is likely to be the "technological" challenge of the postindustrial era, as the development of better tools and machines was the ultimate source of productivity in industrial society.

What kind of a system could best tap and develop these resources? Clearly, not our present system. Today, the vast majority of our workforce is underemployed, by which I mean that their skills, training, education, talent and other human resources are grossly underutilized on their jobs. Something like 80% of our workforce, by this definition, may be underemployed. The reasons for this waste are many--habit, lack of knowledge how to tap these energies, some union practices, etc. But the primary reason why we don't more fully develop human resources, I believe, is the attitude of most American managers that blue-collar and most lower- and middle-level white-collar workers are incapable of accomplishing tasks that require much intelligence. Therefore, managers design jobs to be repetitive, simple, and unchallenging. But facts about the labor force belie these employers' stereotypes. The IQ range of workers, for instance, challenges the wisdom of giving simplified tasks to many blue-collar employees. As the figures below show, there are few dull Ph.D.s, but there are many bright laborers. (In fact, because there are many more laborers than Ph.D.s, three times more laborers than doctorate holders have IQs over 130).

Occupation	IQ Range	Mean IQ
Ph.D. (Professor)	100-169	130
Engineer	100-151	127
Clerk	68-155	118
Laborer	26-145	96

Unfortunately, we design most laborers' jobs for the mean IQ of 96 (or lower), an action that leaves many exceptionally bright laborers in jobs that are unchallenging and, for them, demeaning. It is clearly a waste of human resources to place bright people in bad jobs because we fail to recognize their potential.

It is also a waste of human resources not to involve these workers in finding better ways to do their jobs--more productive ways and less demeaning ways. In interviews conducted for the Work in America study, the most frequent complaint of workers was that when they tried to suggest better methods for organizing their tasks, their employers invariably responded with indifference, disdain, or contempt. Finally, these workers gave up trying. They began to make the minimum possible commitment to their jobs that would still ensure a paycheck at the end of the week. Thus, a kind of self-fulfilling prophecy is at work: Managers, who feel workers are lazy, dumb and untrustworthy will treat workers accordingly; then, the workers respond by engaging in work restriction.

I think it is not inaccurate to describe much of labor/management relations in the United States as a system of mutual mistrust. To put this admittedly bald statement into some perspective, it is useful to compare the American system with two quite divergent European models. The first European system of industrial relations is based on class conflict. In Britain, especially, managers have viewed workers as the enemy whose back must be broken in battle. It is beneath the dignity of the managerial class to attempt to communicate with the working class. The attitude of the workers (and particularly of their union leadership) is that they would rather sink the ship--with themselves in it--than cooperate with the "exploiting" class. The other European model is based on cooperation. In Scandinavia and Germany, in particular, workers and managers see themselves as being afloat together in a single boat. While there is no illusion that the interests of labor and management will always coincide, there is, nevertheless, a working agreement that it is in the self-interest of both parties to keep productivity and employment high, and inflation low. While the parties fight like cats and dogs in the national political arena, neither is so self-destructive as to allow these democratic struggles to capsize the boat of prosperity. While these characterizations of the two systems are necessarily oversimplified and overdrawn, I do not think it is a misstatement to claim that the class conflict of Britain and Italy, on the one hand, and the union/management cooperation of Northern Europe, on the other, are reflected in the relative prosperity and productivity of the two opposing systems. But my main purpose in undertaking this international comparison is to argue

that American industrial relations are not nearly as bad as those in Britain and not nearly as good as those in Germany.

We must admit, regretfully, that class differences continue to exist in this country, and that with these conflicts come a host of social and economic problems. Confining my remarks only to workplace problems, these class divisions prevent the society from more fully realizing the potential of its human resources. Indeed, I should argue that unless we move away from conflict and towards cooperation between management and labor, the nation will be unable to successfully negotiate the seas of the emerging post-industrial economy. Cooperation is simply the only appropriate mode for labor relations in a services and knowledge economy.

We must, then, find models of cooperation. Most emphatically, I feel that the monolithic industrial democracy legislation of Northern Europe is totally inappropriate for the needs of our pluralistic nation. All that is probably required on the part of government in this country is to provide some incentives and assistance to employers, workers and unions to find many and varied American responses to the complex issues of human resources development, productivity and class conflict in the workplace.

In this regard, the bill before you is particularly attractive because it recognizes that there is no simple and uniform response that is appropriate for the wide variety of industries, work settings, union agreements and other local conditions found across the nation. For example, there is no single job design capable of providing satisfaction to all workers. In the past decade, many employers tried

and failed to enrich jobs using one or more of the many set formulas promulgated by management experts. Frustrated in these efforts, some of the most sophisticated employers are now discovering that they can't dictate happiness for their workers.

It is now being discovered that efforts to improve the quality of working life should be intended to make work organizations places where individuals have opportunities to grow, create, and exert some mastery over their environment. These actions may also increase productivity in the bargain, but that cannot be their prime purpose. The willingness to undertake these tasks will require a sense of social responsibility on the part of unions as well as employers. Although such a change in attitude is a great deal to expect, a small number of companies and unions have begun to work seriously on improving working life, continuing their efforts even when the recession offered them an easy way out of their commitment.

Important workplace experiments are under way in both Europe and America. These range from simple flextime (workers choose their own working hours) to the revolutionary notion of full equity sharing (the stock of an enterprise is cooperatively owned by the workers). Although each on-the-job experiment from the simple to the radical has been shown to have its unique limitations, almost all of these workplace changes directly or indirectly ameliorate some problems of underemployment. There is now ample evidence that jobs can be altered to engage the "unemployed self" of many workers. In particular, routine assembly-line and continuous-process tasks have been redesigned to give workers more autonomy, challenge, and participation in decision making.

The most successful of these programs have involved a total reconception of work systems. Here, not only are jobs more interesting, but responsibility and authority over their own tasks are delegated to workers. Characteristically, workers in such programs are divided into self-managing teams that decide how to divide their own labor, when they will work, what methods they will use, who will work with them, and how they will undertake quality control. The nature of supervision is also changed, as is the form of compensation (hourly wages usually give way to salaries, profit sharing, or some other equitable system compatible with the new work environment). General Foods, Procter and Gamble, Volvo, and Saab have pioneered in such total redesign efforts, and a mine in Rushton, Pennsylvania, and the entire community of Jamestown, New York, have successfully experimented with Labor-Management Councils like those advocated in the bill before the subcommittee. At the Harman International Plant in Bolivar, Tennessee, the company and the union are working to find ways to improve working conditions for workers who make mirrors and other auto accessories. Representatives of all the parties involved, including the workers, traveled to Sweden to see what they might bring back to their plant from the pacesetters in industrial democracy. After they returned to Tennessee, about sixty jobs at Bolivar were altered and rotated--in ways suggested by the workers--and the increased productivity that resulted was shared with the workers by giving them more time away from work. As workers have gained more experience and confidence they have begun to suggest ways to redesign other jobs in the plant and invented imaginative new ways to share in

cost savings that have resulted from the changes they have either initiated or supported. Although still in its infancy, the experiment at Bolivar is significant because it is the first attempt to totally redesign the work environment in a unionized and existing facility.

Significantly, after two hundred years of political democracy, it now appears that the future of work will also be determined democratically. American workers are just now beginning to participate in the decisions that most directly influence their day-to-day existence. Although they spend more of their waking hours at work than at any other activity, only a few Americans have participated in such decisions as when they will work, with whom they will work, with what technological tools they will work, and how they will divide the tasks that need to be done. However, some managers are beginning to discover that workers are most satisfied and productive when they are given the rights, resources, and responsibilities of self-management. It is a lesson that was learned long ago in political affairs. Indeed, it permeated the thinking of the Enlightenment that influenced Jefferson and his contemporaries to advocate democracy not only as the most just system of governance, but also as the most practical and efficient (for example "overhead" costs in a democracy are low because there is no need for secret police to be engaged in the impossible task of trying to keep the populace "loyal" and "committed" to the goals of the nation).

I believe that the chance is great that employers, unions, workers and scholars will find better ways to develop human resources. But this will only be done through experiment and negotiation among the parties

directly involved. For this reason, I urge the subcommittee to resist the temptation to tighten up the specific aspects of this bill. Union leaders and corporate executives will no doubt come before you with perfectly reasonable demands for specificity that will destroy the flexibility of the bill. Without flexibility, there will be a reduced likelihood of the kind of innovation that is needed to respond to the new order of social and economic challenges the nation will face in the future.

Senator JAVITS. My staff reminds me that the man who was the head of Bolivar Co.—Sydney Himan—is now the head of the Commerce Department. Thank you.

And finally we have Mr. Hansen.

Mr. Hansen, your statement will be included in the record in full. And if you would be good enough to summarize it, hopefully within 10 minutes, we would appreciate it.

STATEMENT OF DR. GARY B. HANSEN, DIRECTOR, CENTER FOR PRODUCTIVITY AND QUALITY OF WORKING LIFE, UTAH STATE UNIVERSITY

Dr. HANSEN. Thank you, Mr. Chairman. It is a pleasure to be here and address this Committee.

Senator JAVITS. Now, Mr. Hansen, tell us, first, because I notice the identity of names of your National Center on Productivity and Quality of Working Life—is there any relationship between the two?

Dr. HANSEN. Well, that is incorrect. My position is Director of the Center for Productivity and Quality of Working Life at Utah State University.

Senator JAVITS. Thank you.

Dr. HANSEN. Let me begin by stating unequivocally that I feel it is the responsibility of the Federal Government, and State and local governments as well, to encourage labor-management cooperation in the areas of productivity and the quality of working life.

Our experience during the past 5 years that I have been in this business has provided an abundance of evidence in support of the need for, and the great value of undertaking a substantial program to encourage, the formation of labor-management committees and other activities designed to accomplish the objectives set out in the proposed legislation.

There is no question in my mind of the need for, and the value and good that can come from this legislation. This belief is reinforced each day by the continuing requests that we receive from employers and trade unions in our area for technical assistance to help in their endeavors.

On the question of whether or not labor-management committees can contribute to productivity, more study is obviously required to make definitive claims for across-the-board productivity improvements from labor-management committees.

It appears reasonable to conclude from the experiences that have been studied and written up, and the favorable comments of those participating in such programs, that the results of the activities initiated by many labor-management committees have generated significant long-term increases in productivity.

What does appear conclusive, following the establishment of these committees, is a positive increase in worker attitudes, morale, and quality of working life. And this change is directly related to the increase in worker participation in the productivity and related issues treated by these labor-management committees.

It is my firm belief that a program to foster cooperative endeavors by labor and management in the workplace holds the most promise, and is the best alternative among the many forms of worker participation being advocated and experimented within other advanced industrial nations. This approach is also, I believe, the most congenial to the American setting, and could help to ameliorate some of the serious economic and social challenges we are facing as a nation.

Now, as to the potential of labor and management committees, I think the potential for cooperative endeavors is enormous in America—although the efforts to date have barely scratched the surface of that potential. I think several points can illustrate this.

First, the Directory of Labor-Management Committees published by the National Center for Productivity, lists some 180 such committees in all America.

Now, as pointed out by George Kuper, it is quite clear that some companies do not want to have their names listed at this time for various reasons. Nevertheless, I think it demonstrates that we really have a very small number of these committees in operation at the present time. And while that is a preliminary listing, I think it demonstrates that much remains to be done.

Another indication of where we stand is that whenever I go to a conference I see the same people making presentations. You can count them on one or two hands, the number of really innovative programs that are going on at the present time.

Once again, I think it indicates how far we have to go.

Finally, until our own center became operational in the Rocky Mountain area, and began providing technical assistance to labor-management committees, employers and trade unions in our area, there were only three labor-management committees operating in the entire Rocky Mountain region. Needless to say, the potential in our part of the country is virtually untapped.

Given the foregoing comments as a backdrop, is there a significant potential for a proliferation of these committees and other programs with a human resource development dimension.

The answer is, I believe, a resounding yes, but it will take some time to bring about. The response we have received to our conferences and public awareness activities during the past year suggests a great receptiveness to the idea, on the part of both management and labor. But the realization of the full potential is a long way off; it is a major task, and not one given to short run, or quick fix programs.

The commitment must be substantial. I personally believe there is a significant potential for proliferating effective labor-management committees on a much broader basis in America, and the benefits to be derived therefrom would far exceed the costs involved.

Now, specifically with regard to the legislation proposed, I have some serious reservations on a number of points in the legislation, that I think the committee ought to consider.

First of all, I have some serious reservations about placing the responsibility for the implementation of the legislation under the direction of the Department of Labor. My own experience, and the experience of others, suggest that large agencies like Labor, HEW, Com-

merce, are not the place to install, or to give the responsibility for implementing a program of this nature. When you have a variety of missions and responsibilities, too often this kind of a mission becomes peripheral to their central focus—and as a result, gets cast aside.

I believe that the responsibility for implementing such legislation should be given to the National Center for Productivity and Quality of Working Life. This agency is smaller, and more importantly, has the concern over labor-management cooperation to enhance productivity and quality of working life as one of its specific legislative mandates. And I think it has demonstrated its commitment by maintaining a growing interest in the furtherance of these objectives, while the Department of Labor and Commerce were turning their attention elsewhere.

I also think that the need for an advisory council, as called for in the legislation, is inappropriate. The National Center's Board could serve this purpose very well.

I have a concern about how the proposed legislation calls for implementation, and who will provide the technical assistance. The legislation, as now written, calls for the Federal Mediation and Conciliation Service to provide advice on the establishment of priorities and selection of projects to be assisted; and provide technical assistance during the projects, and followup assistance if merited.

It states that the National Center for Productivity would be given a secondary role. I do not believe this is a satisfactory arrangement. I think the role of the National Center for Productivity should be expanded somewhat.

Finally, the most important issue the committee needs to consider, I think, is the fact that neither the Senate nor the House version of this bill as presently written fully recognize the nature of, and just how extensive is the need for, technical assistance if the objectives of the act are to be successfully achieved. And neither version recognizes the limitation of the two agencies designed to carry out this function.

I can speak from experience when I say that the Federal Mediation Service is overburdened in our area. We have one Commissioner serving four States and, consequently, thus would be an inadequate agency if we really want to get the job done in implementing this kind of a program.

Even more serious, I think, is the fact that the skills possessed by the Federal mediators, as high as they may be, are the wrong, or at least in part not the same skills as are necessary if we really want to have a program as we have proposed in this legislation. They do not possess knowledge of work redesign, sociotechnical system analysis, productivity, Scanlon plans, et cetera, which are all important to the success of the programs contemplated in this legislation.

Senator JAVITS. Mr. Hansen, we have about 3 minutes to go vote.

Dr. HANSEN. All right.

Senator JAVITS. Please give us the key points.

Dr. HANSEN. All right, let me point out then that I think additional kinds of technical expertise will be needed to carry out the purposes of this legislation. And a way for doing this would be to create some framework within which we could have a regional or a local-based

system of technical assistance where we can deal directly with the needs of those desirous of starting these committees.

And I think, as I pointed out in the written version of my testimony, out where we are, the Utah State University Center is providing, or serving as a prototype of the kind of capability that is really needed if we are serious about developing these kinds of committee on a broad scale in America at the present time.

Thank you.

Senator JAVITS. Thank you very much. We appreciate your statement. It will be in the record.

Senator CHAFEE?

Senator CHAFEE. Thank you, Dr. Hansen.

I am interested in a point you made about the Labor Department, and so forth, and also in your suggestion on how it be done on a regional basis, which you mentioned.

Thank you.

Senator JAVITS. Congressman?

Mr. LUNDINE. No questions.

Senator JAVITS. Many, many thanks.

[The prepared statement of Mr. Hansen follows:]

COOPERATIVE LABOR-MANAGEMENT PROGRAMS
TO ACHIEVE NEW AND MORE PRODUCTIVE RELATIONSHIPS
AT THE WORK PLACE: THE NEED AND THE POTENTIAL

Testimony by

Dr. Gary B. Hansen, Director
Center for Productivity and Quality of Working Life
Utah State University

Before the Senate Human Resources Subcommittee
on Employment, Poverty, and Migratory Labor

September 27, 1977

I am pleased to appear before the Committee this morning in response to its invitation to discuss some of the issues associated with the proposed "Human Resources Development Act of 1977," otherwise known as S. 533.

These remarks are derived from my experience as Director of the Utah State University Center for Productivity and Quality of Working Life. For the past five years the staff of the USU Center and its predecessor, Manpower Development Service (MDS), have been providing human resource development advisory and consulting services to public and private employers and trade unions throughout the State of Utah and Intermountain region. During the first three and one-half years of its existence, the MDS unit, which was created by a grant from the Department of Labor, served as a national pilot demonstration project to explore the hypothesis that many U.S. employers, particularly the small and medium-sized ones, experience substantial training and manpower management problems within their organizations which they are unable to resolve. The consequences of this deficiency were posited to be: (1) inefficient utilization of human resources and reduced productivity in the organization; and (2) lower quality of working life for the workers, and fewer opportunities for them to develop and advance within the organization.

The research hypothesis of the project was explored through a small, but highly competent, human resource consulting unit established at a state land-grant university which offered a broadly based program of diagnostic and consulting services to all private and public employers within the state and region.

The findings of the USU-MDS project were most revealing and provided substantial support for the research hypothesis. I believe that these

results have important national implications and are of considerable relevance to this Committee's deliberations today. Briefly summarized, the major project findings were:

- The work carried out by USU-MDS over a three and one-half year period among 141 diverse public and private organizations indicated the presence of many serious human resource and training related problems which were adversely affecting the organizations and their employees.
- Employers were very desirous of obtaining and receptive to the services made available by USU-MDS.
- The assistance provided by USU-MDS resulted in a significant and measurable improvement in the human resource management practices and training systems within the organizations served.
- The improvements achieved within the organizations assisted resulted in higher productivity, an improved quality of working life experienced by the employees, and increased employment levels--the latter occurring in the face of rising levels of unemployment locally and nationally.
- Without some form of public subsidy to defray the cost of positive outreach efforts and partially subsidize the cost of delivering services, the use of these services will be limited to the larger firms (who are able and willing to pay full costs) and the type of services delivered will be restricted to those specifically demanded by this class of organizations. There will be a corresponding reduction in the ability of the delivery mechanism to assist the smaller firms and to achieve desired public policy objectives.
- The experience of USU-MDS and the project findings relative to other delivery systems demonstrated that there is a dearth of community-based agencies possessing the analytical and technical skills necessary to effectively and substantively assist organizations in solving their human resource problems and developing their workforces.

(A more detailed discussion of the objectives of the USU-MDS project and the relevant findings is included as Appendix I.)

Upon the completion of the pilot demonstration project in December 1975, the MDS Unit was institutionalized at Utah State University as a regional Center for Productivity and Quality of Working Life. Since that time, much of the work of our staff, and in fact the very philosophy of the center, has been directed toward the same objectives set out in the Bill under consideration by this Committee. Thus, it is on the basis of

the mutuality of objectives and our substantial direct experience in trying to achieve them that I would like to make some comments about the proposed legislation.

Let me begin by stating unequivocally that I feel the responsibilities of the federal government--and state and local governments as well--include encouraging labor-management cooperation to improve both productivity and the quality of working life. Among the means by which such cooperation can be achieved are labor-management committees, which some management and union officials have found to be useful mechanisms for working cooperatively on production-related problems in a non-adversary setting apart from the bargaining table. Although these committees deal with many and varied problems, virtually all are concerned with improving production or services, morale, and working conditions. By providing the means for better two-way communications, they create opportunities for workers and managements to share their ideas for improving the success of the enterprise and the security and satisfaction of their jobs.

Our experience during the past five years has provided an abundance of evidence in support of the need for and great value of undertaking a substantial program to encourage the formation of labor-management committees and other activities designed to accomplish the objectives set out in Section 2 of the proposed legislation. There is no question in my mind about the need for such a program and the good which could be accomplished by its adoption. This belief is reinforced anew each day by the continuing requests for assistance which we at the USU Center receive, and by the positive results achieved as a result of programs undertaken by employers and employee organizations in our area with technical assistance provided by members of our staff.

While more study is required to make definitive claims for across the board productivity improvements from labor-management committees, it appears reasonable to conclude from the experiences which have been written up, and the favorable comments of those participating in such programs, that the results of the activities initiated by many labor-management committees have generated significant long-term increases in productivity. What does appear conclusive following the establishment of most labor-management committees is a positive increase in worker attitudes and morale. This change is directly related to an increase in worker participation in production and related issues treated by the labor-management committees. Especially where resulting gains are shared, labor-management committees can play a significant role in improving both the productivity of the enterprise and the quality of the working life of the American worker.

Historically, the labor-management committee approach has been utilized for more than fifty years; not usually, however, in peace time. World War II saw the flowering of the concept of the joint labor-management committee. In that period, when some 5,000 committees in plants employing more than 7 million workers registered with the War Production Board, labor and management finally acquired experience working together cooperatively on a large scale. While current problems in American industry have not engendered the same sense of urgency that permeated society during the war, there is a growing realization that our economy is undergoing major changes that in the aggregate could alter the structure of our society. Adverse developments in world markets, scarce raw materials, fundamental changes in the composition and expectations of our work force, and many other pressures and discomfiting changes have pushed us to the realization that many of the premises upon which the structure and patterns of work have been established need serious reexamination.

It is my firm belief that a program to foster cooperative endeavors by labor and management in the work place holds the most promise and is the best alternative among the many forms of worker participation being advocated and experimented with in other advanced industrial nations. This approach is also the most congenial to the American setting, and could help to ameliorate some of the serious economic and social challenges we are facing as a nation.

The potential of cooperative programs initiated by labor and management in America is enormous, although the efforts to date, have barely scratched the surface of that potential. A review of the Directory of Labor-Management Committees, published in October 1976 by the National Center for Productivity and Quality of Working Life, indicates a wide variety of approaches taken by these committees, and varying degrees of effectiveness achieved by them. The directory lists only 183 such committees operating in both the public and private sector in all of America; and some of these are most likely paper committees only. A cursory review of this directory suggests that in all probability few of those committees now in operation have reached their full potential. While the directory is admittedly a preliminary listing, it does show just how limited these endeavors really are and how much remains to be done.

Another indication of where we stand in these matters is the fact that you can virtually count on two hands the really innovative projects which have been carried out in this country and written about. The same small group of individuals have been appearing at various conferences held around the nation on the subject during the past two or three years, indicating just how limited in number these programs really are and how little progress is being made.

Finally, until our Center at USU became directly involved in providing technical assistance and conducting a public awareness program in our

region there were only three known labor-management committees operating in the entire Rocky Mountain Region. Needless to say, the potential in our part of the country is virtually untapped.

Given that rather sobering report on our experience to date, is there a significant potential for a proliferation of these committees and other programs with a human resource development dimension. The answer is a resounding yes -- but it will take time to bring it about. The response we have received to our conferences and public awareness activities during the past year suggests a great receptiveness to the idea, on the part of both management and labor. But the realization of the full potential is a long way off; it is a major task, and not one given to short run or quick fix programs. The commitment must be substantial, both in terms of philosophical acceptance of the principles involved and the time and resources allocated, if we really want to bring about more than a cosmetic effect. I personally believe there is significant potential for proliferating effective labor-management committees on a much broader basis in America, and that the benefits to be derived therefrom would far exceed the costs involved.

With the foregoing general remarks serving as a statement of my position, let me turn to some of the specifics in the proposed legislation which need closer scrutiny.

First, I have some serious reservations about placing the responsibility for the implementation of this legislation under the direction of the Department of Labor, as is indicated in Section 9 (a) (1) of the Bill. Our experience over the past few years suggests that large agencies such as Labor, Commerce, and HEW, have many and diverse missions and responsibilities. As policies change and priorities shift they tend to lose interest in and divert resources away from, areas which are perceived as being peripheral to their central focus. Hence, the activities such as those proposed in

S. 533 might soon be swallowed up or lost amid other competing interests. This very situation has in fact already happened--specifically with regard to the concerns expressed in the proposed legislation--by events occurring in both the Employment and Training Administration and the Economic Development Administration during the past two years. Both agencies originally showed considerable interest in some of the human resource development activities outlined in the Bill and then subsequently lost interest and turned to other pursuits. For these reasons I believe that the responsibility for implementing such legislation should be given to the National Center for Productivity and Quality of Working Life. This agency is smaller and, more importantly, has the concern over labor-management cooperation to enhance productivity and the quality of working life as one of its specific legislative mandates. And, I might add, the National Center has demonstrated its commitment by maintaining a substantial and growing interest in the furtherance of these objectives, while the Departments of Labor and Commerce were turning their attention elsewhere.

My second point is that there is no need to create another Advisory Council as called for in Section 3 (a) (5). This is duplicative and runs counter to the intent of President Carter's program to reduce the number of superfluous advisory commissions and councils. The existence of a responsible Board of Directors for the National Center for Productivity and Quality of Working Life, as established under Section 202 of the National Productivity and Quality of Working Life Act of 1975, would seem to be ideal to serve the purpose of the Advisory Council called for in the proposed bill.

I believe that the character of the projects to be assisted under the Act, as outlined in Section 3 (a) (2) of the Bill is sound, although the language set out in paragraph 3 (a) (2) (B) appears rather ambiguous and

confusing. Also, this section should spell out the extent to which the available resources should be divided between the two sub sections (A) and (B). I would recommend that the bulk of the resources be allocated to subsection 3 (a) (2) (A) with a modest sum to be reserved for subsection 3 (a) (2) (B). One other comment on Section 3 (a) (2) (B) is that the existing language of this paragraph may lead to a possible duplication or overlap with projects carried out under the CETA legislation. Care should be taken in the selection of the demonstration projects to ensure that scarce resources allocated for demonstration projects are not used on projects which could otherwise qualify for funding under the much larger CETA program.

The definitions given in subsection 3 (a) (2) (A) would appear to rule out most so-called job enrichment projects, since these projects are usually management initiated and carried out, and not designed to provide "increased participation of employees in problems-solving and the decision making process" as specified in Section 3 (a) (2) (A) (i). In fact most job enrichment proponents are generally opposed to the intent of this section. Our review of the design and conduct of a highly touted job enrichment project carried out in a major government installation leads me to the foregoing conclusion. Consequently, the proposed language is, in my judgment, properly included.

Section 6 of the proposed legislation calls for the Federal Mediation and Conciliation Service to provide advice on the establishment of priorities and selection of projects to be assisted; provide technical assistance during the projects, and supply follow up assistance if merited. The National Center for Productivity and Quality of Working Life appears to have been assigned a secondary role in providing technical assistance. This section

is not satisfactory as it now reads. Based upon some of the remarks which follow, I believe the role of the National Center should be expanded somewhat. A much better wording would be achieved by combining Section 6 with Section 7, and constructing some more general language to read something like the following: "When requested by the president or his delegate, the Federal Mediation and Conciliation Service and the National Center for Productivity and Quality of Working Life shall provide such advice and technical assistance as are required to carry out the provisions of this Act." This new language, which is taken from the House version of the Bill (HR 8065), is much more desirable. In fact, I would strongly recommend that Section 3 of HR 8065 be substituted in its entirety for the present Section 3 in S. 533. The language in the House version of Section 3 provides greater clarity and detail about how the legislation shall be implemented.

One more very important issue, alluded to previously, needs to be discussed. Neither the Senate nor House version of the bill as presently written fully recognizes the nature of and just how extensive the need is for technical assistance--if the objectives of the Act are to be successfully achieved. And neither version recognizes the limitations of the two agencies assigned to carry out this function.

In the first instance, the FMCS is already overburdened with work in the labor mediation realm, and can hardly take on the scope of activity which might--and hopefully will--be forthcoming as a result of this legislation. For example, at the present time we have one Federal Mediator in our district, which covers four states, and he barely has time to deal with the ever present crises in the adversarial realm of labor-management relations, let alone do anything else. Even more serious, the skills possessed by the staff of this agency tend to be fairly specialized, and do not cover the broader range of

skills needed or anticipated under the proposed legislation. The FMCS staff are obviously qualified to help establish labor-management committees. But knowledge of work redesign, socio-technical systems analysis, productivity, Scanlon plans, etc. are not the usual skills needed or possessed by professional mediators. Consequently, if it is anticipated that they will be the primary or even major source of expertise available to help implement projects called for by the proposed legislation, the projects will necessarily be selected and carried out according to their particular biases and limitations. Either the FMCS will have to acquire new staff which possess the additional skills required, or limit their concern and assistance to helping get labor-management committees organized. And while I believe starting labor-management committees is obviously one of the most important dimensions of the objectives outlined in this Bill it is by no means the only dimension nor should it be. Additional forms of technical assistance are of equal importance and must be provided for if the program is to be more than modest in scope and achieve any real success.

The National Center for Productivity is, I believe, a proper agency to provide technical assistance, due to its specific mandate and involvement in the proposed area of activity. However, the National Center is also faced with some serious limitations in providing the kinds of technical assistance needed to accomplish the intent of the proposed legislation--because it does not possess an operational field network or delivery system. What it has done, however, is begin the process of identifying and establishing links with existing and potential centers around the country through which competent technical assistance and services could be delivered directly to those requesting or needing them. Unfortunately, there are few existing centers which have the expertise and interest in the subject, and the efforts

of the National Center to establish a viable network are languishing due to the limited financial resources available to the National Center as a result of its woefully small Congressional appropriation.

What is really needed if the objectives outlined in Section 2 of the proposed bill are to be fulfilled is to provide sufficient resources to the National Center for the creation and/or support of a modest number of viable regional or local technical assistance units or centers. These Centers, along with the FMCS and National Center, could serve as essential components of the primary delivery system; to provide not only assistance in setting up labor-management committees, but the additional kinds of technical expertise needed to carry out the intent of this legislation. Such centers, if adequately funded and staffed, and properly linked to the National Center and FMCS, would possess the skills and expertise needed to make the implementation of this legislation a reality. They would also become a permanent framework for the continuation of efforts to improve productivity and the quality of working life in America over an extended period of time.

The need for a viable delivery system at the local level is the critical link in the program proposed in this legislation. Without such a provision I do not believe the purposes of the legislation can or will be achieved.

Before concluding I would like to take just a moment to present some concrete examples which may help illustrate why I am convinced that the delivery system is the key to the success of the proposed legislation, and why I have raised some serious questions about the delivery system or lack thereof in the proposed Bill.

During the past year the USU Center has been engaged specifically in a project to foster among employers and workers throughout the Rocky Mountain

Mountain region the kind of activities proposed in this Bill. Using resources made available by the National Center for Productivity and Quality of Working Life, Kellogg Foundation, EDA, and Utah State University, we have sponsored a series of conferences throughout the region on new initiatives in productivity and quality of working life for area businessmen and labor leaders. The conferences are the first exposure to the subject for many of these individuals, and have served as a consciousness raising function. This is especially true of those people living in such places as Price, Utah, and Pocatello, Idaho, where we have taken the message. Our staff is now following up the conferences with personal visits to encourage likely candidates in these outlying areas to try some of the new approaches and ideas they have been exposed to. This has proven to be a long and arduous process--that is, helping those showing an initial interest move toward a serious commitment to action--and then providing them with the needed forms of technical assistance to help them initiate and successfully carry out a projects. After nearly a year on this project we are just now beginning to see the fruits of our labors: one firm has a nascent labor-management committee, and three others are about ready to form committees. Several firms are seriously considering setting up a Scanlon plan. One firms has introduced a flexitime program, and the labor and management organizations in the coal mining industry, which is very important in our state, are seriously contemplating the creation of an area wide Labor-Management Committee for their industry.

There are several important lessons to be learned from this experience: First, the gestation period for getting a viable project going is quite long. It takes considerable time to build up credibility with labor and management, and to establish the rapport needed to get a project started. The internal

organizational constraints on the parties also extend the gestation period appreciably. Consequently, it is absolutely essential to have local visibility and institutional staying power if meaningful projects are going to be brought into existence and experience a successful life. Finally, we have found that the broader range of technical skills possessed by our staff--above and beyond those necessary to help organize a labor-management committee, are extremely valuable in helping the organizations we are dealing with to successfully initiate and carry out substantive programs to improve productivity and the quality of working life.

Our experience clearly demonstrates that if we are serious about fostering more than a token number of the kind of projects outlined in this Bill--particularly in the Rocky Mountain Region where I come from, and I believe elsewhere--we must have sufficient local or regional technical assistance capability with firm institutional support to provide the necessary assistance on a sustained basis over a long period of time.

It is my hope that the legislation you are considering will take into account some of the concerns I have expressed, and provide a mechanism to overcome the very real problems which we have encountered in our work. With the adoption of the changes indicated, I would urge your committee to give S. 533 a favorable report, and to work for its passage when it comes before the Senate as a whole. We are excited about the potential for good which can be accomplished by the passage of the legislation under consideration, and stand ready to assist in whatever way possible.

Senator JAVITS. The Chair would like to thank all the witnesses for extraordinarily good testimony, and very helpful to this bill, and pledge to the witnesses that I and my cosponsors will push hard for this legislation.

The record will be kept open for 1 week to get the necessary materials from the National Center. And without objection, Senator Nelson's statement opening the hearings, which was to have been given first thing this morning, will be included at this point.

OPENING STATEMENT OF SENATOR GAYLORD NELSON

Senator NELSON. The Senate Human Resources Subcommittee on Employment, Poverty, and Migratory Labor today begins hearings on S. 533, the Human Resources Development Act of 1977. This legislation was introduced by Senator Javits to address the related issues of productivity improvement, the quality of working life, and cyclical unemployment.

The quality of worklife in America and the other issues raised by this legislation are not new subject matters to the Employment, Poverty, and Migratory Labor Subcommittee. In 1972, the subcommittee held hearings on "Worker Alienation," and in 1976, hearings were held on "Changing Patterns of Work in America." At these hearings, leaders in business, labor, and government explored issues such as job satisfaction, flexible working hours, part-time work, job-sharing, alternative working arrangements, and the appropriate roles of the public and private sectors in these areas.

The legislation introduced by Senator Javits would authorize the Secretary of Labor to contract with States, local governments, institutions of higher education, and employers so that projects which would increase productivity, improve job security, encourage the retention of employees by employers during periods of cyclical unemployment, enhance the quality of worklife, or increase employment opportunities could be carried out.

Projects authorized under this legislation could, for example, increase participation of employees in problem solving and the decision-making process, compensate employees for gains associated with increased productivity, or demonstrate programs or guidelines for retaining employees during periods of cyclical unemployment. Funds received under demonstration projects also could be used for improving the design of a factory, the jobsite, the tasks, responsibilities, and time patterns connected with particular jobs. Funds might also be applied to enhance the level or type of skills of employees, or for solving a wide variety of work-related problems.

Testimony presented at the subcommittee's past hearings indicate the need for federally assisted demonstration projects such as those which would be established by S. 533. However, the enactment of this legislation would duplicate authority which is already vested in the National Center for Productivity and Quality of Working Life.

The National Center, established by the 94th Congress, has the capability to focus, coordinate, and improve the Government's efforts concerning the quality of working life and productivity, and to do so in a

manner consistent with the rights and best interest of labor, management, and the consumer. Senator Javits, who is the author of S. 533, also was a chief architect of the Productivity Center.

The Congress mandated the Center to work with labor and public and private sector employers to develop a national policy for productivity growth and programs that improve the quality of worklife in America. The Center's mandate to develop and promote such goals is admittedly broad, but the scope of projects which it is authorized to undertake include all of those enumerated in S. 533, as well as those which have been suggested at previous hearings of the subcommittee.

Unfortunately, the Center has been crippled and unable to fully implement these programs and its congressional mandate because the administration has failed to appoint a Board of Directors or even to name a Chairman of the Board of Directors. Moreover, funding for the Center has been inadequate. This year, funding will be about \$2.5 million, half of the amount authorized by the public law which established the Center.

It is my view that the Federal Government ought to have one agency responsible for exploring and funding projects such as those which are authorized in S. 533. In my judgment it would not be necessary to establish a separate bureaucracy in the Department of Labor to implement demonstration projects the National Center on Productivity and the Quality of Working Life already can carry out, although that is an issue to be considered at these hearings and by the committee. It may be that there are compelling arguments for Senator Javits' approach.

The subcommittee is pleased to welcome a wide range of experts in the field of employment and productivity policy and in labor-management relations. We appreciate the time and effort the witnesses have taken to be here today.

Senator JAVITS. Senator Nelson was necessarily kept at the Finance Committee all morning.

[Information subsequently supplied for the record follows:]

The Quality of Work Life Project
Between
UAW and Harman International Industries

by

Irving Bluestone, Vice President - UAW

Academy of Management
Orlando House
Kissimme, Florida

August 17, 1977

Considerable publicity has surrounded the UAW-Harman International Industries quality of work life project at Bolivar, Tennessee. Some reporting has presented the facts with reasonable accuracy; some has exaggerated both its virtues and its faults. Suffice it to say that the project is still in a stage of experimentation. It has made notable progress in altering -- for the better -- both the union-management relationship and the quality of work life for the workers. It has not yet fully achieved its ultimate goals and purposes; perhaps it never will. But it points to new directions in the accomplishment of human development at the work place that has meaningful implications in reevaluating traditional work place organization and structure and fashioning a system designed to enhance job satisfaction and self-fulfillment for the worker.

How Did the Project Begin?

On July 26, 1972, I testified before the Senate Committee on

Labor and Public Welfare, which was holding hearings on worker alienation. At that time, the media were carrying extensive reporting on the so-called "blue collar blues" syndrome and the revolt of the young worker against the authoritarianism of the work place. The strike at the GM Assembly plant at Lordstown, Ohio especially caught the imagination of the news reporters and academicians. Article after article appeared in the daily press and the magazines. The subject, quality of work life, received heightened attention.

Because there was no time to prepare written testimony, I flew to Washington, appeared before the Committee and simply talked off the cuff, expressing criticism of the concept of so-called "scientific management" and the need for democratizing the work place. I might add that my statement, for lack of preparation rather than lack of substance, was poorly presented.

At the same time, Mr. Sidney Harman, Chairman of the Board of the Jervis Corporation (later changed to Harman International Industries) testified on the same subject. To me as a labor representative, his presentation was astounding. He expressed deep felt sympathy for the need of the worker for self-expression, for direct involvement in the decision making process, for the desirability of departing from time worn concepts of work structure in order to create at the work place opportunities for human development

and fulfillment. Frankly, I had never heard a business executive express such deep understanding of the need for change in the traditional work place organization and structure.

After we had both concluded our presentations, I sought out Mr. Harman in the hallway and in effect asked if he was "for real." He impressed upon me that he was.

I, of course, was aware that the UAW had labor contracts with Jervis Corporation and I asked Mr. Harman if he would be willing to undertake an experimental program jointly with the Union designed to bring into reality the concepts of democratization which we both espoused. He immediately agreed and suggested the Bolivar, Tennessee facility as the demonstration project site.

I promptly spoke with and then wrote to the UAW Regional Director, E. T. Michael, in whose jurisdiction the Bolivar plant fell. describing the discussion with Sid Harman and urging a joint, cooperative program be undertaken. Arrangements were made for E. T. Michael and Sid Harman to meet. Out of those discussions came the agreement to initiate a program and the parties agreed further to use third party assistance. Sid Harman recommended Dr. Michael Maccoby as the consultant. I was also personally acquainted with Dr. Maccoby and agreement was readily reached on this designation.

The Next Move

First, the workers and the UAW local union leadership had to be apprised of the nature of the experimental program. Voluntary acceptance was necessary if any program at all was to be initiated. Similarly the management at Bolivar had to be convinced it would be a worthwhile endeavor.

E. T. Michael and Sid Harman visited the plant and addressed a meeting of all the employes on the plant premises, explaining in broad terms the concept of affording workers the chance to participate in the decision making process. A hand vote was taken. No one opposed the idea. A substantial number raised their hand in assent.

The idea was to introduce the program only after careful and cautious preparation.

First it was necessary to learn in depth how the workers felt about their work life, what was needed to satisfy their needs in order to achieve healthy development of their capabilities as individuals and improve the quality of work life in the plant as a whole.

From the outset, we were aware that the Bolivar facility was by no means ideal for this undertaking. The facility comprised what were essentially large Quonset huts. Working conditions were to say

the least less than desirable. The collective bargaining relationship was weak, antagonistic. The workers had rejected their last labor contract. The local union was relatively new and the local union leadership both untried and inexperienced. Many workers had a rural rather than industrial background. The racial mix was relatively balanced. Tensions existed, as could be anticipated in this essentially southern area. Similarly management -- from the Union's point of view -- was inattentive to workers' needs, operating moreover with relatively old equipment in a tough, competitive business -- producing side view mirrors for the auto industry.

Altogether the ingredients to work with did not seem conducive to a successful recipe.

In Depth Worker Survey Undertaken

Dr. Maccoby assembled a staff to undertake an in depth study of the workers. Dr. Harold Sheppard was his associate, and trained sociologists were assigned to the task.

By May, 1973, the research staff was prepared to begin its operation. Lengthy personal interviews took place against a background of a survey questionnaire. Moreover, the interviewers were given the opportunity to learn firsthand about the plant's operations, the jobs and tasks to be performed.

Dr. Maccoby described the nature of the interviews:

"We interviewed a sample of 60 workers using a questionnaire with both open ended and multiple choice questions. The interview lasted four hours and asked about work, values, life goals, physical and emotional problems. This included asking for material that could be used for psychoanalytical interpretation of character, such as dreams and family relationships, as well as questions relating to feelings about authority. These interviews were subsequently analyzed in terms of character traits, leading first to a summary of traits shared by the majority of the factory workers (the social character) and second, to sub-groups, representing the different character types."

Aside from meetings with the local union leadership to acquaint them with the concept of the program, the International Union wrote to each member explaining that the Work Improvement Program, as it came to be titled, is designed to expand democratic principles at the work place. The letter read in part:

"We are taking this opportunity to discuss with you the nature and purpose of the experiments currently underway at your plant to improve the quality of work life.

"First of all, what do we mean by a program 'to improve the quality of work life.' Isn't the union doing this all the time by negotiating higher wages and benefits and by concluding seniority, shift preference, transfer agreements and establishing many other rights for workers? Of course we are, for, as far as the UAW is concerned, advancing your standard of living and assuring more

job security and rights in the plant are the hallmark of our union's effort and activity.

"But there is more involved in improving the quality of work life. We are at that point in time where workers should have more to say about their job and how it should be run. They should participate in a meaningful way in making decisions about the job and the work place -- decisions which in the past were made pretty much exclusively by management.

"That's what the new program at your plant is all about -- to set up a system in which workers make decisions affecting their jobs and work place.

"Workers must not be automatons doing just as they are told and having no opportunity to make determinations of their own. Workers should be able to make important decisions at the work place. They must not be simply extensions of the machine or the assembly line; they must exercise some control over how they work. In the final analysis they must have the right to the dignity and self-respect on the job that they exercise outside the plant as citizens and human beings."

Dr. Maccoby proposed that the project rest on achievement of the following:

- Security of job and income and protection against loss of health or limb
- Equity or fairness in dealing with people and assuring proper reward

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- . Individuation, the attempt to satisfy the needs and aspirations of the individual in finding self-fulfillment
- . Democracy, workers participating in the decision making process

Structure

The basic thrust was to make certain that whatever was done emanated from the ground up and was not imposed from the top down. A consulting committee was formed which, aside from Sid Harman, Irv Bluestone and E. T. Michael, comprised "outsiders," so to speak, who would make recommendations. After a few meetings, this committee withered away. The initiative rested with the local parties; it was they who jointly and cooperatively developed and implemented programs, with third party assistance from Dr. Maccoby and his staff.

For this purpose there was established a Working Committee. It comprised five members appointed by management and an equal number appointed by the Union. It included the plant manager on the one hand and the local union president and shop committee chairman on the other. The Working Committee is separated from the collective bargaining relationship, it has overall authority to approve and/or initiate quality of work life programs in the plant but not to engage in collective bargaining matters.

The parties recognized early it would be necessary to assure the workers that the introduction of the quality of work life program would not be used as a gimmick either to increase their work pace or jeopardize their job security. The parties therefore signed so-called "Shelter Agreement" which placed emphasis on the human rather than the productivity factor. It states in part:

"The purpose of the joint management-labor Work Improvement Program is to make work better and more satisfying for all employes, salaried and hourly, while maintaining the necessary productivity for job security. The purpose is not to increase productivity..."

There is a clear understanding that production standards will not be increased by reason of the operation of the quality of work life program, nor will any layoffs take place by reason thereof. This does not mean, of course, that layoffs do not occur which may be attributable to cyclical changes in business activity.

How It Works

The Working Committee has overall jurisdiction of determining policy direction of the project and giving approval to proposals for the introduction of innovations in worker participation programs. The basic idea, however, is to involve the workers themselves in the decision-making process at various levels of work life activity. Basic also to the program

is the concept that whatever is done must be done voluntarily.

At first, attention was directed to the formation of a small number of Core Groups comprising volunteer workers in a given productive activity, such as Polishing. These volunteer workers were given the opportunity to meet among themselves, together with management floor representatives, to talk through desirable changes in their tasks, in immediate working conditions, in the structure of their operations, etc., with the assistance of on-site third party staff. Within a reasonably short time the workers, some of whom in the group had had difficulty achieving the established production standards, discovered ways and means of improving their techniques, thereby meeting the production standards with time to spare. The workers in the Group thereupon democratically decided to spend earned time in the plant cafeteria, but it occurred to some that rather than go to the cafeteria during their earned time they would just as lief go home. The idea of leaving the plant early when production was completed raised serious questions but in the light of the democratic processes which were being introduced, this practice became common. As other workers in the plant became aware of the new freedom to make decisions enjoyed by the first few volunteer Groups participating in the program, they, too, asked to become involved. Over a period of time, Core Groups were established throughout the plant involving all the workers. Each Core Group held

meetings to discuss its own problems. However, it soon became evident that the earned time concept dominated these discussions.

It was recommended to the Working Committee that perhaps the workers would be interested in utilizing their earned time by attending educational classes of their own choosing. This would have the advantage of broadening their educational horizons and of affording opportunity to learn skills which were personally desirable. The Working Committee adopted this idea and with the assistance of the community school system and it was put into effect. One of the first classes selected by workers was a welding class. Since many of the workers owned small farms, they wanted to learn welding so that they could repair their own farm machinery rather than pay the cost to have this work done elsewhere. Over time, classes were set up covering subjects such as sewing, music, time study, black studies, etc. A group of workers asked for classes which would teach them more about how a business is run and how to examine a stockholders' report.

Benefits and Problems

There is little question but that the introduction of the quality of work life program has advantaged both the workers and the management and, I might add, the union as well. The local union seems stronger and workers appear to have greater confidence in it. Management has

indicated it is well satisfied with the progress that has been made and the Division has continued profitable. The workers have been learning how to participate in the decision-making process on the shop floor in order effectively to expand democratic principles at the workplace.

The collective bargaining relationship has matured considerably. In fact, the last contract negotiated in December, 1976, was concluded several months before the expiration date and overwhelmingly ratified. The grievance load is low, discipline is equally low.

On one occasion following the disastrous automobile industry depression, the company lost considerable business when one of its major customers shifted its orders to a competitor. The International Union and the local union immediately went to work on scene to discover ways and means of improving efficiency without the need to change production standards or lay off workers. The result was the company was enabled to make a new bid and recovered a considerable portion of the business it had lost. This effort saved workers from being laid off and made it possible for the company to continue in a profitable state.

A stock purchase plan was instituted by the parties totally unrelated to the negotiation of the labor contract. This represented a benefit over and above those benefits which otherwise were negotiated in the collective bargaining arena.

Employment is now at a level higher by a considerable margin than the employment level at the time the program was instituted.

Nevertheless, while the project is well under way, it is not without its problems and it still must overcome certain pitfalls. It is not always easy, for instance, to distinguish between those programs which fall within the purview of the Working Committee and those which fall within the collective bargaining arena subject to negotiations between the parties. Thus, such distinctions have been worked out on an ad-hoc basis as problems arise with the clear understanding that matters involving collective bargaining are referred to the bargaining process and not to the Work Improvement Program. The predominance of the earned time concept in the deliberations of the Working Committee and the Core Groups has tended to push into the background some of the basic purposes and goals of the Program as initially set forth by Dr. Maccoby. The program, moreover, has not learned to operate without third party assistance and currently there is still the feeling that it would be wise to maintain third party presence for perhaps another year or more.

The Working Committee, the management, the union and the workers have reached that juncture where new consideration must be given to the direction which the project is taking. It is necessary to devise new approaches to the worker participation concept which in an

THE BOLIVAR QUALITY OF WORKING LIFE EXPERIMENT:
1972 - 1977

by

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THE BOLIVAR QUALITY OF WORKING LIFE EXPERIMENT:
1972 - 1977¹

The Bolivar project is a collaborative effort of Harman International Industries, Inc. (formerly the Jervis Corporation) and the United Automobile Workers of America (UAW) to jointly determine organizational change according to certain social-human principles. Its goals are many, but one stands far above all others. This goal "is to create an example applicable to many American companies, one which can be adopted as a model by unions" (Maccoby et al, 1974, Chapter 1, p. 1). Michael Maccoby, the Director of the Work Improvement Program staff, categorizes the goal of the Bolivar project in the following manner:

...to create an American model of industrial democracy: a model that is acceptable to unions and that might stimulate future union efforts. The project is based on the view that a national movement to improve the quality of work is unlikely to succeed without union support and that union leaders are practical people who can't be expected to struggle for abstract concepts like "humanized work" or self-management without something concrete to point to. If the project is successful, the workers and management...will develop programs that not only change the character of their work but that also can be adopted by unions as goals for collective bargaining. (Maccoby, 1975a, p. 44)

The project, called the Work Improvement Program (WIP) at Bolivar, was intended to fill a need for a model for improving factory life so as to optimize employee development. The WIP involves a total existing factory (in contrast to a newly built factory) located in Bolivar, Tennessee with no special selection of workers. A central element is that the top and local

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This report is based on reports from people at the site combined with observations and data from the Institute for Social Research (ISR), Quality of Work Program. It represents a summary of impressions and feelings rather than a summary of conclusions drawn by the assessment team at Bolivar. The ISR assessment report on the Bolivar Work Improvement Program is scheduled for completion early in 1978. See Tables 1 and 2 for an overview of the data being analyzed by ISR. Support for this paper provided by the Ford Foundation.

management and the top and local union, together with the third party social scientists², jointly try to improve the quality of working life according to the principles of security, equity, individualization, and democracy (Herrick and Maccoby, 1975). Beginning in the fall of 1978, the Bolivar project will be entering its sixth year.

The different phases of the Bolivar Work Improvement Program and the problems of institutionalization, organizational renewal, and the role of the outside third party social science consultants will be discussed in the remainder of this paper.

THE COLLABORATIVE CHANGE PROGRAM: THE DIFFERENT PHASES

The change program at Bolivar seems to have had five phases. Phase I (January, 1972 to April, 1973) involved pre-project discussions and negotiations with Dr. Sidney Harman, past president of Harman International Industries and now Under Secretary of the United States Department of Commerce; Mr. E. T. Michael, Regional Director, Division 8, UAW; Mr. Irving Bluestone, Vice President UAW; and Dr. Michael Maccoby, Harvard Project on Technology, Work and Character. Phase II (May, 1973 to February, 1974) was the beginning of the actual on-site change program at the Bolivar plant by the introduction of an on-site participant observer in the plant. The major activity, besides having the participant-observer work as a full-time hourly employee in the inspection department, was one of collecting and interpreting data on plant conditions by means of two hour structured interviews. The results of this survey phase were finalized in a Final Technical Report dated February 15,

² The Bolivar Work Improvement Program staff presently consists of Dr. Michael Maccoby, Director of the Harvard Project on Technology, Work and Character and Director of the Bolivar project and Dr. Robert Duckles and Margaret M. Duckles, who are on-site participant-observers or Educator-Researchers. In the early stages of the Bolivar project, Dr. Maccoby served as co-director of the project along with Dr. Harold Sheppard, formerly with the W. E. Upjohn Foundation and now with the American Institute for Research (AIR), and Mr. Neil Q. Herrick, formerly with the Ohio Quality of Work Center and now with the National Center for Productivity and Quality of Working Life.

1974 written by the original project staff (Maccoby, Sheppard, Herrick, and others). Phase III (March, 1974 to January, 1975) consisted of the on-site staff setting up experimental groups to try new approaches to restructuring work and seeking new ways to expand the WIP. Phase IV (February, 1975 to December, 1975) saw the Earned Idle Time (EIT) experiment³ go plant-wide following an official ratification vote by the UAW local union. During this period, 33 core groups, composed of a foreman, job steward, and other employees from the departments at the plant were created. These new structures, processes, relationships, and the continued involvement or lack thereof of the core groups at Bolivar seems critical to the future success of the WIP. In addition, during this phase, the WIP added an in-plant school (e.g., classes in blueprint reading, welding, bible studies, black studies, etc.) to complement the EIT program. Phase V (January, 1976 to December, 1976) introduced joint determination of some plant efficiency rates by the UAW and Harman International, limited sharing of product and profitability information, and trying to formulate plans for a joint Cost-Saving-Sharing Program (i.e., modified version of a type of Scanlon plan). During this phase, the need for continued third party involvement (i.e., the outside third party social scientists, called the project staff) and the permanency of the joint labor-management Quality of Work Committee (i.e., at Bolivar, called the Working Committee) were discussed and debated at length.

Recently (January, 1977 to present), the Bolivar project is undergoing a "self-renewal" search process of "what, where, who, and how" the plant internally diffuses on-going organizational change in order to be self-regenerating and

³ A program set up in the plant by the Working Committee whereby people can leave their job and go home or attend education classes when they reach standard production. Diffused from the three experimental groups in Phase III involving forty-two hourly employees.

a self-functioning joint labor-management model for American industry. In addition to these institutionalization and diffusion issues, Dr. Harman, a powerful force behind the project at Bolivar, has relinquished the presidency of Harman International Industries and is in the process of finalizing the sale of the entire company to Beatrice Foods. Therefore, a powerful leadership force at the top of Harman International has withdrawn from the Bolivar experiment. The effect of this upon the site and its collaborative labor-management programs and processes for organizational change is not immediately known and probably will not be clear for some time. For an overview of the Bolivar experiment, the different phases of the Work Improvement Program are outlined in Table 3.

The Pre-Negotiation Phase

In early 1972, the Department of Labor (specifically, Mr. Neil Q. Herrick, then with the Department of Labor) organized a conference at Airlie House on humanization of work. People attending the conference came from academia, business, labor, private foundations, and government. Included in the above groups were Dr.'s Maccoby and Sheppard, Irving Bluestone, Sidney Harman, and, of course, Neil Herrick.

After this first meeting of the key principals in the Bolivar experiment, Harman and Bluestone testified before the Kennedy hearings on worker alienation⁴, calling for some of the same action steps involving companies and union - namely trying new ways towards industrial democracy on the factory floor. Harman and Bluestone agreed in principle to put their similar philosophies about work into an action research project at an automobile mirror plant in Bolivar, Tennessee.

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Hearings before the Subcommittee on Employment, Manpower, and Poverty of the Committee on Labor and Public Welfare, United States Senate, Worker Alienation. Washington: Government Printing Office, 1972.

Harman and Bluestone then requested Maccoby to direct a program "the purpose of which is to seek new approaches and where indicated, new job designs so that all people in the company can experience increased satisfaction and increased self-realization."⁵ Basically, these three people agreed to create the Bolivar WIP that would allow management, the union, and the workforce to jointly reconstruct the workplace according to the following four principles:

1. Increased Security: The first area of security involves health and safety, which we intend to improve by creating the best possible environment, with a minimum of hazards. Security against loss of job is more difficult to achieve, as the Harman Automotive Division is part of a market which is subject to fluctuations that are beyond our control. No one can promise that a worker will never be laid off. In the overall sense, security from loss of job depends on effectively operating the plant to assure recovering the major portion of the available business, so the plant continues in business and continues employing workers.
2. Increased Equity: by making the distribution of work, the organization of work, the rewards of work, and the rules under which we work as fair and as reasonable as they can be.
3. Increased Individualization: by recognizing that all people are not the same, but have different interests and needs, and by increasing the opportunities for people to develop in their own ways.
4. Increased Democracy: by giving each worker more opportunities to have a say in the decisions that affect his life, including his work life.⁶

From the start of the WIP, a secondary goal was to reorganize the way the Bolivar plant traditionally operated. Maccoby states this clearly in his statement to the Senate Select Committee on Small Business:

From the start, it was clear that there was no way to improve the quality of work for hourly employees, if managers remained locked

⁵ Taken from a proposal submitted by the Bolivar Work Improvement Project staff to the National Commission on Productivity, dated 1973.

⁶ Taken from Questions and Answers About the Work Improvement Program: Joint Effort of Harman International Industries and the UAW, October, 1974. A detailed view of the Bolivar WIP principles is shown in Herrick and Maccoby, 1975. At a later time, a fifth principle - "mutuality" - was added by the company.

into a hierarchical bureaucratic system. Often quality of work projects attempt simply to enlarge jobs, raise employee morale, decrease turnover and absenteeism, or increase productivity. Within the Bolivar project, the objective was to reorganize the way the company itself operated. To this end, the company and the union began spelling out the principles that they agreed should govern the worklife of hourly employees and managers alike (Maccoby, 1975b, p. 5).

During this early pre-negotiation phase, a meeting of the entire Bolivar workforce was held by Sidney Harman and the UAW to discuss a "humanization of work"⁷ program. Through a hand vote in the plant cafeteria, the workers unan- imously agreed to participate in the program. This brought to a close the pre- negotiation phase and began the on-site change activities.

The Survey Phase

This phase of the Bolivar WIP mainly entailed gathering attitudinal and observational data through structured interviews with over 300 workers at the Bolivar plant. The final outcome of this phase was the Final Technical Report dated February 15, 1974. The report, known by some at the plant as the "telephone book" (429 pages), is forthright; however, it has not been read by many plant workers even though it was made available to them. A statement from the report typifies some of the early issues of the WIP at Bolivar:

Foremen and supervisors have small offices at various places in the middle of the factory. Around the periphery of the production area, there are storerooms, storage areas, loading docks and the cafeteria. The offices of the managers, engi- neers and clerical workers are in the front of the building, sealed off from the production area. They are cleaner, qui- eter, and air-conditioned.

All of this is inside on one floor under one roof encompassed by three quonset huts which were left over from World War II. The production floor is dirty and disorderly, compared to many large factories belonging to richer companies. Like most en- gaged in this kind of work, it is noisy. A shortage of stor- age space and the pace of production which overworks the lug-

⁷ The original "humanization of work program" became known as the Work Improvement Program.

gers and towmotor operators results in parts and materials being pushed into every available corner and sometimes strewn out into the aisles. No time is allowed for anyone to keep his work area clean and orderly. Many machines are kept in poor repair due to lack of replacement parts and a lot of ad hoc repairs with wire and roughly cut pieces of metal. The atmosphere is stuffy and irritating to some because of fumes from die cast, plating, and paint, and the towmotors, even though efforts have been made to blow away the most noxious fumes. There are holes in the roof, and pools of water on the floor. In winter, there is inadequate heating; in the summer no air conditioning. Comfort and sometimes safety have been ignored in the all-out effort to maximize production and profits. Only recently has management started to improve the physical conditions of the plant.

The drive to cut costs and to stay within narrow profit margins has also meant a lack of formal training programs for workers and supervisors. Training if any takes place on the job. (Maccoby, et al, Chapter 2, pp. 11-12).⁸

This is only an example of the frankness and comprehensiveness of the Final Technical Report. It includes other areas such as the initial survey results describing attitudes about equity, work, democracy, supervision, working conditions, counterproductive behaviors, the union, health and safety, etc.

Also during this period, a "shelter agreement" was drafted and signed by the company and the union. It insured that workers would not lose their jobs as a result of the WIP. In addition, the agreement indicates the purpose of the WIP was not to increase productivity. This agreement reads in part:

The purpose of the joint labor-management Work Improvement Program is to make work better and more satisfying for all employees, salaried and hourly, while maintaining the necessary productivity for job security.

The purpose is not to increase productivity. If increased productivity is a by-product of the program, ways of rewarding the employees for increased productivity will become legitimate matters for inclusion in the program. (Duckles, 1977, p. 25).

Within the shelter agreement, a Review Committee (called an Advisory

⁸ By the end of Phase IV of the Bolivar WIP, the environmental conditions cited in the above report were greatly improved.

Board)⁹ and a Joint Union-Management Committee (known at Bolivar as the Working Committee, more commonly known in other collaborative projects as the Quality of Work Committee) was set up and agreed upon. Furthermore, the agreement states that no employee will lose pay, job security, or seniority by participating in the WIP and that participation in the experiment was to be voluntary. The shelter agreement does not take the place of the collective bargaining agreement and it does not allow for the contract to be undermined or broken.

During the fall of 1973, an ad hoc committee, composed of five management employees selected by management and four union representatives selected by the local union president, in addition to the local union president, was formed to consider jointly solving problems expressed by the survey data. The first session included discussions concerning temperature in the plant, air pollution, ventilation, safety and health, parking problems, congestion at the time clocks, institution of a credit union, etc. Maccoby (1976) characterizes this ad hoc committee as "the beginnings of communication and cooperation between management and union leaders who before met only as adversaries, bargaining about wages or arguing about grievances" (p. 6a). In November, 1973, this committee became known as the Working Committee (WC) and started to meet, with the aid of the project staff, to consider joint organizational changes.

The development of new structures (like the Working Committee and the afore-

⁹ Initially, an Advisory Board composed of Irving Bluestone, Vice President, UAW; Harvey Brooks, Dean, Harvard School of Engineering and Applied Physics; Sidney Harman, President, Harman International Industries; Berth Jonsson, Volvo Goteborg; John Lyle, chief engineer, Harman International Industries, Bolivar; Michael Maccoby, Director, Harvard project; E. T. Michael, regional director, UAW; Lubie Overton, President, Local 1303, UAW; David Riesman, Harvard University; Ben Stephansky, Director, W. E. Upjohn Institute for Employment Research; and Einar Thorsrud, Work Research Institute, Oslo, Norway, advised the WIP. During Phase IV, this Advisory Board became an Advisory Committee composed of three members: Irving Bluestone, Sidney Harman, and Michael Maccoby. At the present time, this Advisory Committee is composed of Irving Bluestone, UAW; Herbert Paige, Harman International; and Michael Maccoby, WIP project staff.

mentioned core groups), new relationships, and new problem solving processes has played a critical role in the development of the Bolivar WIP. In fact, these new structures, processes, and relationships are the critical aspects that enable the WIP to continue. Maccoby characterizes these new structures, processes, and relationships as starting at the top of the company and the union and requiring a new style of leadership in both. Specifically, he states:

...the project required a new style of leadership both in management and the union. Managers needed examples of how to analyze problems cooperatively and stimulate participation in decision making. Union leaders needed to learn how to bargain cooperatively (in such a way that both sides gain) without weakening their position in adversary collective bargaining. (Maccoby, 1976, p. 6).

It is worth noting that the WIP program probably could not have survived the last four years without the WC, the three member top level Advisory Committee, and the core groups. For example, during the life of the Bolivar WIP, many crises occurred, mistakes were made, personality conflicts were obvious, and individual feelings were sometimes ruffled. However, with the full support and involvement of the top leadership from the company and the union along with the local Working Committee, these incidents were resolved without threatening the goal and survival of the project. These new structures, processes, and relationships are discussed in another paper by the present author (see Herman and Macy, 1977).

In addition to the Working Committee's initial functioning and the initial collection of the survey data, Dr. Robert Duckles, a member of the WIP project staff, spent three months as a full-time employee of Harman International, working as an inspector in the inspection department. This first-hand experience on the factory floor as an on-site participant-observer proved to be an invaluable aid during subsequent phases of the Bolivar WIP.

The pace of the project slowed after the departure from the plant of the on-site participant-observer and because of contract negotiations being held during the winter of 1973-74. After completion of contract negotiations, the WIP proceeded into an experimental phase.

Experimental Phase

Phase III began in March, 1974 with the return of Robert and Margaret¹⁰ Duckles to the Bolivar plant as full-time on-site project staff members. Their initial task was to feedback the survey data gathered from the interviews and reported in the "telephone book" and to educate workers, management, and the union about different methods and approaches available for improving the quality of working life. The Bolivar workforce did not show much interest in the results of the survey phase; only a handful of the workers ever saw or wanted to see the results included in the Final Technical Report.

During this same month, a seminar was held at the Bolivar plant to initiate experiments within various departments. The three day seminar was led by Einar Thorsrud, Director of the Norwegian Industrial Democracy Project in Oslo, Norway. Also contributing were Berth Jonsson, Director of Corporate Planning at A. B. Volvo, and the WIP project staff. In April of 1974, experiments were instituted by the Working Committee and the project staff, with forty-two volunteers from the Polish and Buff, Assembly, and Pre-Assembly departments, to try out new approaches to job redesign. Both Robert and Margaret Duckles acted with Mr. John Lyle, chief plant engineer and former Bolivar plant manager, as resource people for the three experimental groups.

By June, 1974, when the original Advisory Board of the project met at the plant to review the experimental phase, it became clear that the experiments were a success from the workers' standpoint. However, the experimental groups had raised new problems of what to do with productivity gains, creating union membership inequities, and how to relate these new changes to the collective

¹⁰ Margaret Duckles was officially approved as a full-time project staff member by the Working Committee shortly after this time.

bargaining structure. For example, the three experimental groups made some changes in work methods and procedures, and they also introduced a new reward system. The groups were allowed to choose one of the following three rewards if they reached their production standard on any particular day:

1. Going home early with pay for a full day's work (Earned Idle Time);
2. Earning extra pay for extra work based upon group performance (a bonus); or
3. Earning bonus hours for whatever a group wanted to do in the plant (e.g., attend education classes, go to the cafeteria, etc.)

The results of these worker options or "having a say in the decision-making process" was that the experimental groups increased their productivity and, in some cases, decided to go home early. The majority of other hourly workers at Bolivar became upset because of what they regarded as an "inequity" and voiced demands that everyone in the plant be included in the experiment. Because of these inequities, Irving Bluestone met at Bolivar for a special union meeting to discuss the WIP and the experimental groups with the local leadership and membership. He encouraged the local union to cooperate and try the experiment since the WIP was truly "an experimental project". After considerable debate, the union agreed to cooperate during this experimental phase. With the urging of Irving Bluestone and Sidney Harman, the Working Committee decided it could not expand the experimental programs to the entire plant because of a number of problems (i.e., inequity, scheduling, lack of standards on some jobs, etc.).

During the summer of 1974, the experiments were expanded to include about sixty people in the three departments. Under the direction of Mr. Sanford Berlin, Vice-President of Harman International, the top management of the plant also developed a new and cooperative mode of work which helped support the project's development.

In early September, 1974, a group of Bolivar workers and managers, UAW officials, project staff members, and various academics visited factories in Sweden and Norway as a means of gaining ideas concerning job redesign and industrial democracy for the project. It is interesting to note that the workers and managers from the Bolivar plant considered the major benefit of the trip to be the opportunity to observe problems that could, and should, be avoided. Another result was the request by the Bolivar management that the project be continued until all the departments became part of the WIP.

An additional result of the Scandinavian trip was the suggestion of the UAW International to start initial investigations into an educational program for the Bolivar workforce.

During subsequent months, the demand for experimental group expansion in terms of Earned Idle Time seemed to reach an intolerably high level; however the 1973-74 recession hit the plant, and the situation was dramatically changed. The plant shut down for a period of time and the experimental groups were decimated because of large plant layoffs during the downturn in the automobile market.

It should be noted that the company was hard-hit by the downturn in the auto industry during this phase. A third of the workforce was laid-off during December, 1974 and January, 1975. Yet, the WIP was not abandoned by either the company or the union. In fact, it was expanded and further developed (i.e., human growth and development). The main reason for this seems to be the new structures, processes, and relationships (i.e., top level Advisory Committee, the Working Committee, and the core groups). Maccoby calls this "spirit" and structure (Maccoby, 1976). This might better be called increased levels of communication, trust, and faith at the top corporate level, the UAW International level, and the Working Committee composed of local union and manage-

ment members. Top corporate and local plant management kept the workforce informed about the economic situation created by the economic downturn though the Working Committee and the workers accepted these facts as economic necessity. During the economic adversity, the company and the union jointly sent a letter to laid-off workers inviting their participation in a future in-plant school. Therefore, increased levels of communication, trust, and faith were demonstrated. These new structures, processes, and relationships are shown by comparing and contrasting Diagrams I and II. These diagrams are discussed elsewhere (see Herman and Macy, 1977).

WIP Goes Plant-Wide: 1st Year

Even with the massive layoffs that resulted from the recession in the fall of 1974, the growing pressures from the workers (i.e., those who were left at the plant after the layoffs) outside the three experimental groups increased. In February, 1975, it was decided to expand the WIP gradually to include the entire factory. This was accomplished by means of the creation of a "core group" in each department to analyze work and develop ideas for work improvement. The goals of the 33 core groups throughout the plant were to:

1. Expand the WIP to include all production (direct labor) departments along the general guidelines of the three original experimental groups;
2. Begin meetings and experiments in the indirect labor and management departments; and
3. Start a broad educational program for everyone who was interested.

This core group involvement and change process was undertaken with layoffs exceeding 300 (approximately 33 percent of the hourly workforce). The on-site participant-observers were engaged in holding meetings with the 33 core groups, each composed of specific people from workflow "linkage" or coordinated departments in the plant to inform all of the people in the group about the WIP and to see if they wanted to participate in it. These core groups were composed of an immediate supervisor or foreman, a shop steward, and people appointed or

elected by the department from which the core group originated. These core groups were informed about the WIP by the project staff through weekly meetings which covered how, when, and where the WIP got started; the progress of the program; and where it was headed. The Bolivar plant devoted over 1100 paid hours throughout the eight to ten weeks of this orientation to these core groups. The core groups were to carry this same message to members of their departments.

During this same period of core group start-up and orientation, the Working Committee, top company management, and UAW officials discussed the ever troublesome issue of what to do with Earned Idle Time (EIT). This problem was finally resolved by a procedure which allows workers and foremen in each department to propose an EIT plan for how such time will be gathered and used. The guidelines for departments suggested that EIT may be used to leave the plant early, to discuss work-related matters, or in education programs.¹¹ Any EIT plan must be approved by the Working Committee. This procedure was approved through the collective bargaining process, thus reaffirming the union's role in determining rewards. In April, 1975, the union conducted an official ratification vote to decide the "fate" of the WIP. Following a plant-wide union membership vote held in the plant cafeteria, the WIP and the EIT experiment went plant-wide. The vote was 80 percent for and 20 percent against the WIP (i.e., 325 union members voted "yes" and 79 members voted "no"). This positive vote for the WIP (specifically for the EIT plan)

¹¹ It was decided by the Working Committee, with strong advice from the three member Advisory Committee, not to allow workers to gain a financial bonus by increasing output above the standard because, during the recession, this would lead to loss of job security for individual workers. Presently, over 70 percent of the direct and indirect labor force at Bolivar are receiving EIT and going home early. There still is no financial incentive option in the WIP. According to a Bolivar Education Committee report, approximately 20 percent of the workforce have attended educational classes.

did not have full support of some members on the Working Committee, top company leaders, and union officials. However, because the local membership wanted it, these powerful forces decided not to block it, based upon some of the WIP principles (e.g., individualization and democracy).

To counterbalance the EIT program, a free in-plant education program began during this period. The school at the Bolivar factory grew out of the experimental groups, the "charge" given to the core groups, and a "felt need" by some members of the Working Committee, the project staff, and the Advisory Committee to make the WIP something in addition to "going home early". The school has courses ranging from industrial engineering to first-aid to typing. These courses are held during time gained by workers when they reached production standard and through improvements in work methods. They are held before or after the beginning of the shift. The courses at the Harman school are those petitioned by the workers. In some cases, workers, managers, foremen, and outside third parties are the teachers. The school has the cooperation of the Hardeman County vocational education program, which pays teachers of approved courses.

A full-time school coordinator, Mr. Loren Farmer, was hired by the Working Committee to serve as a member of the project staff in coordinating the various educational programs at the plant. During the in-plant school start-up, the WIP seemed to slow down again and consequently, a search for new alternatives began to take shape.

A Search For New Directions and Self-Renewal: 2nd Year of EIT

Phase V (January, 1976 to December, 1976)¹² brought a new dimension to the WIP. In search of other work innovations (e.g., alternatives to EIT) and

¹² The Bolivar WIP, as of August, 1977, continues to search for new directions and self-renewal. The five distinctive phases are conceptualized according to change activities pertaining to analysis and report writing purposes.

to meet current economic situations (i.e., losing a potential sales contract to a non-unionized company because of a higher submitted Bolivar bid or quote), Harman International and the UAW jointly determined some plant efficiency rates and shared profitability information for an "A Body" type mirror.¹³ The company and the International UAW jointly measured various efficiency rates at Bolivar involving over 70 jobs. The objective was to lower the original company bid (i.e., lowering the various component costs that comprise the product costs, such as scrap, downtime, maintenance and repair, manufacturing supplies, etc. and ensuring that efficiency rates were neither loose nor tight). If this joint union and management effort was successful, a possible savings of 70 jobs to the union and a return of the "A Body" business to Harman International was feasible.

The International UAW and the Bolivar plant controller met to discuss various methods to decrease the "A Body" bid. During their discussions and subsequent meetings, the company shared profitability information with the UAW. In addition, the plant management, in conjunction with top corporate officials and the UAW, raised the standard rates on some jobs. Consequently, the "A Body" contract was awarded to Harman International. It is very doubtful that the company could have reduced its original bid on the "A Body" mirror and received the contract without the direct intervention by the union.

This collaborative "A Body" effort brought the company and the union into hard discussions for a potential joint Cost-Saving-Sharing Plan (CSSP). This CSSP, a type of Scanlon plan, was to include aspects of quality, downtime, maintenance and repair, and supplies; unfortunately, the company and the union have been unable to agree on the component aspects and the formula base for the CSSP. It seems that the main difficulties stem from the inability to agree on common

¹³ A particular type of Bolivar mirror worth approximately \$5 million in sales.

component aspects rather than the joint sharing formula.

During this phase, the continued need for the outside third party's (i.e., the WIP project staff) involvement, the institutionalization or permanency of the WIP and the Working Committee, and the need for core groups was debated at considerable length. This was not the first time during the six year existence of the Bolivar project that permanency and the continued involvement of the third party had been discussed. In fact, the on-site project staff had intended to leave at least two additional times prior to this phase. Each time however, the Working Committee and the Advisory Committee requested them to continue their work at Bolivar.

During May, 1977, the project staff raised some possible future alternatives regarding the permanency and self-renewal aspects of the WIP. In discussions with the Working Committee, the following four alternatives were stated by the project staff:

Alternative 1: Let the Work Improvement Program come to an end in December of 1978 or before. This does not have to mean an end to what we started; earned time could continue and the education program could continue. The structure that continues would be only to maintain what has already been started, just as the credit union has a structure to keep it going.

Alternative 2: Everything that's been accomplished continues. The structure of the Work Improvement Program - the core groups, the working committee, and the advisory committee - continue to function, including for the purpose of offering opportunities for ideas that come up to be expressed and discussed. The purpose of the structure is to respond to such ideas but not to initiate them.

Alternative 3: The structure of the program - core groups, working committee, and the advisory committee - takes the initiative to develop new programs which are presented to employees for their reaction, discussion, and refinement. Where there's clear interest, the programs are put into effect. The cost-savings-sharing plan, the development of profit centers in the plant, and [the former controller's] proposal at the last Working Committee meeting for offering a variety of service resources are all programs of this type.

Alternative 4: The structure of the Work Improvement Program, particularly the working committee, encourages the means and the process by which people can analyze their work process and situations, and develop alternative ways of doing them. This alternative does not get in the way of doing any of the others. It is the alternative that is the most difficult and requires the most work and requires the most initiative on the part of the working committee. (Taken from Bolivar Working Committee transcript, May 17, 1977).

The project staff seem to feel that alternative 4 is more precisely in line with the original four principles and ideals or values of the WIP. They seem to be suggesting that these alternatives for self-renewal need to be studied and investigated by the Working Committee in order for them to obtain institutionalization of the WIP at Bolivar.

Of course, one of the crucial aspects of the current Bolivar renewal effort will be trying to answer the following questions: 1) Are the members of the Working Committee and the Advisory Committee the only people interested and committed to seeing the WIP continue? 2) Does the Working Committee initiate change or wait for the Bolivar workforce to initiate change? 3) Where should the WIP leadership emanate from (i.e., top corporate and top union leadership, the project staff, or within the Bolivar plant)? There are some indications that the Bolivar workforce is only interested in the EIT plan. If that is the case, do the people on the floor want the WIP to continue? And if so, in what form and how?

In an attempt to elaborate on alternative 4 above, the on-site project staff stated:

For this alternative, participants must be sought out. We cannot just wait for people to come forward. Time has to be set aside for people to work on this alternative. Time and place for the discussions to take place has to be structured and it will not happen spontaneously. This alternative involves listening to people, listening beyond just having an open ear. It involves asking questions and stimulating people to think about their work so that everyone works together. The process involves people meeting on a regular basis to do the following: 1) de-

scribe what they do at work; 2) understand the reasons for their jobs and the way their work is done, to get information about what they do not know or understand; 3) to learn about such things as their part in the overall production process; the process of running a business; the reasons for particular methods, standards, supplies, equipment, etc.; 4) to examine all of this critically; 5) to weigh and think about the alternatives to the present situation; 6) to try out new ways of doing things if any that seem better come out of this discussion; 7) to evaluate all the effects of the alternatives that are tried. (Taken from Bolivar Working Committee transcript, May 17, 1977).

As the Bolivar WIP begins its sixth year, the above questions are some of the critical issues facing the institutionalization and self-renewal of the project. The last two sections of this paper attempts to provide a summary view of the initial results of the Bolivar WIP and disucsses the processes for diffusion, institutionalization, and renewal efforts.

INITIAL RESULTS¹⁴

Even though the ISR assessment program has been operational since the fall of 1974, any definite conclusion about what has happened at Bolivar will come from many viewpoints. Among them will be: 1) the corporate and local management, 2) the international and local UAW, 3) the project staff, 4) the Bolivar workforce, and finally, 5) the assessment team. Until all of the data described in Tables 1 and 2 have been fully analyzed, it is premature to indicate finally what happened at Bolivar. Still, some data can be looked at. The initial findings regarding absences and accidents are negative. In comparison to the base period, absences and accidents have increased; however, this might be caused by a substantial increase in employment during the project life and by the newness of the workforce (i.e., more absences and accidents) that the Bolivar plant hired during the period. In other words, the workforce composition decreased in caliber from the base-line throughout the assessment period which significantly changed the absence and

These are termed initial results until the final ISR report is available.

accident results. However, turnover has decreased and product quality and efficiency or productivity seems to have increased. During this same period, grievances have generally declined.

It also seems apparent that productivity has increased significantly in the original experimental groups compared to control groups although exact figures are not yet finalized. Generally, Earned Idle Time has made it a necessity to reach standard in some departments, where before, this rarely occurred; therefore efficiency has increased throughout the plant. In addition, observation by the ISR staff indicate that the departments or groups do function with less regimentation. The foremen police less, leaving it up to the workers in the group to decide when to stop or start something. Several have said, "There is more freedom." Where before the program started the workers were closely supervised, the work groups now operate with three basic norms: 1) The worker should be left alone and not bothered, 2) The workers should produce to standard, and 3) the workers should produce quality parts. The process and procedure to meet the above norms are left up to the workers. There is a feeling on the part of the Bolivar management that the majority of the workers feel more involved in their job and interested in their work. They seem to be more interested in housekeeping and because of their pride of ownership, they seem to be more interested in producing a quality product.

It is also interesting to note that many groups have been spending their free time discussing their work and possible ways to improve it. Within the group, there is a strong sense of teamwork. One member of a group indicated that this in itself gives his job more meaning and is the reason he no longer comes to the plant feeling "I can't face it." One line of the original assembly experiment recorded all of their delays with reasons for each delay. This kind of report (never done before) was extremely useful in correcting the delay problems in Assembly.

Overall the Bolivar project seems to be producing a number of important results: 1) Perhaps the most impressive thing about the project is that a climate of experimentation, trust, and faith has been produced in the organization. One of the great unknowns in organization change research is how this is done. At the moment we are not ready to indicate why, but it has been created, and it is producing some fairly exciting changes.

The major unknown at Bolivar is whether self-renewal lies in the future.

2) Perhaps the biggest change at Bolivar is the general commitment to the project by local management and local union representatives and by top corporate and top union officials. At the start, the project had strong corporate support, but lacked strong commitment from local management. Over the course of the project there has been a marked increase in the cooperation and support at the plant level and the resulting union-management ownership of the program is showing many benefits. This is not to indicate the adversary relationship between union and management has vanished. It has not. The union still grieves contract issues; however the "spirit" or climate for problem solving in which grievances are handled has improved. Moreover, it is clear that the union feels a high level of ownership over the project and clearly feels responsible for what happens as a result. This orientation of joint problem solving has produced a relationship between union and management which is characterized by the statement, "How can we get things accomplished?"

The heavy union involvement at Bolivar makes it a particularly important experiment. It is both a complicating and a reinforcing factor. The union commitment almost guarantees that something will happen in the long run. The union will continue to encourage Bolivar's management to make the program spread and be all inclusive. This organized union pressure for change, in fact, means the program will proceed faster than would a non-union situation.

After assessing the pluses and minuses of the WIP at Bolivar, I tend to believe that there has been a net gain in the work system and concrete opportunities for employee growth. Still, I remain cautious about institutionalization of the change effort and the ability of the internal system to generate the capacity for continued self-renewal. In the final analysis, any overall assessment will have to await a verdict from the various parties to the experiment.

POSSIBLE LESSONS LEARNED FOR DIFFUSION AND SELF-RENEWAL

When looking at the spreading of work innovations, the following assumption is critical: If innovation is successful or effective, it will be adopted and used by others within and outside the organizational entity from which it originated. Most union leaders and managers would expect that a changed organizational system, such as the Bolivar WIP, that is working better than the one it replaced will be recommended by supervisors and workers. Experience at Bolivar, however, shows that this is not always the case. Workers like EIT; foremen and supervisors, who do not receive EIT, see EIT as causing problems such as cheating on production figures, increasing scrap, causing the supervisor to become a checker of quantity and quality, etc. It is possible that the benefits derived by the hourly workers are nullified and offset by competing and conflicting management demands.

Walton (1975) presents a general model for work diffusion with seven aspects or steps that one might use to evaluate the activities at Bolivar. Accordingly, the following analysis could be done:

Aspects of a Diffusion Model¹⁵

1. Initiative of the pilot experiment
2. Pilot experiment declared early success

Evaluation of the Bolivar WIP According to the Seven Aspects

1. Bolivar volunteers with dependency upon the project staff
2. Bolivar workforce liked the reward system (EIT); overall evaluation criteria between workforce and top level committee's in conflict

¹⁵ Adapted from R. Walton, Organizational Dynamics, Winter, 1975, pp. 5-10.

Aspects of a Diffusion Model

3. Recognition and resources provided for future work innovations
4. Intensified interest in work innovation aroused
5. Change agents' intervention spreads throughout the corporate and union system
6. Facilitative networks developed
7. Personnel movement occurs

Evaluation of the Bolivar WIP According to the Seven Aspects

3. Top level management blessing
4. World-wide publicity; company begins other work innovation projects in California and Europe; union uses WIP as a "learning model"
5. Project staff works with other corporate units; no other on-site work innovations with other UAW locals
6. Advisory Committee; Working Committee; and Core Groups (although Core Groups have been inactive for most of the Bolivar WIP)
7. Change in Bolivar plant manager; change in UAW regional director; Sidney Harman becomes Under Secretary of Commerce

In conjunction with the above analysis, four factors seemingly had a depressing effect on the Bolivar system during 1975-76. First, the Working Committee relied on the on-site project staff to convene most Working Committee and core group meetings, to act as secretary for the Working Committee, to set WIP and Working Committee agendas, and to generally probe into the Bolivar system for possible future work innovations. The local plant management felt that they were too busy with other management problems (i.e., making production, reducing scrap, etc.) to carry forth the required everyday change activities. Second, the Working Committee seems to lack facilitative and certain leadership skills. This is demonstrated by the project staff's elaboration of alternative 4 previously mentioned. The Working Committee seemingly wants the Bolivar workforce to initiate work innovations and bring these ideas to the Committee. This might be possible if the core groups were a working and

effective body or mechanism for organizational renewal; unfortunately, they have not been meeting regularly for over two years. Thirdly, the Working Committee and the Advisory Committee could not agree upon the components and formula base for the Cost-Saving-Sharing Program. After over eighteen months of formulating plans and figures, the question of how to combine the contractual collective bargaining process with the WIP is still undecided. Fourth, Dr. Sidney Harman, a strong company force behind the program from the beginning, has relinquished the presidency of Harman International. Thus, his strong commitment (financially and morally) and active involvement is absent from the Advisory Committee and from top management.

These four factors help explain the search for self-renewal throughout Phases IV and V. However, more significant is the seeming absence of potent corrective devices for generating self-renewal. Nevertheless, there are many capacities for improving the system. For example, some of the following alternatives could be explored:

1. Have the Working Committee take an active role initiating work innovations, be responsible for organizational self-renewal, and actively seek out change;
2. Institute regular plant-wide forums (similar to the core group meetings in Phase IV) to bring various ideas to the Working Committee. This might work similar to TVA's task force concept¹⁶;
3. Seek hourly and salaried work innovations where each mutually share;
4. Investigate the absence of mechanisms for dealing with plant-wide issues (e.g., lack of involvement and commitment of the Bolivar workforce to the WIP except in terms of the EIT plan);
5. Seek alternatives to counterbalance the complete reliance on the project staff to initiate change and renewal efforts;

¹⁶

See The Quality of Work Experiment, Vol. 1, July 1, 1976, distributed by Tennessee Valley Authority, Division of Transmission Planning and Engineering, Chattanooga, Tennessee. The Working Committee has recently begun to have discussions with some core groups about their problems and possible solutions.

6. Seek mechanisms for merging contractual and some Quality of Working Life issues (i.e., cost-saving-sharing);
7. Provide for on-going change within the resource limits of the local management and union (see Table 4 for the Bolivar funding sources); and
8. Provide the mechanism for some of the local management or union people to assume the duties of the project staff.

With regards to diffusion, institutionalization, and self-renewal of the Bolivar WIP, the eight suggestions listed above might be a starting point for the Bolivar project to move forward. These eight alternatives seemingly could help the Working Committee and the Advisory Committee develop a "felt need" for permanency and self-renewal.

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Table 1

An Example of the ISR/Bolivar
Behavioral Data Set
(individual data/monthly)

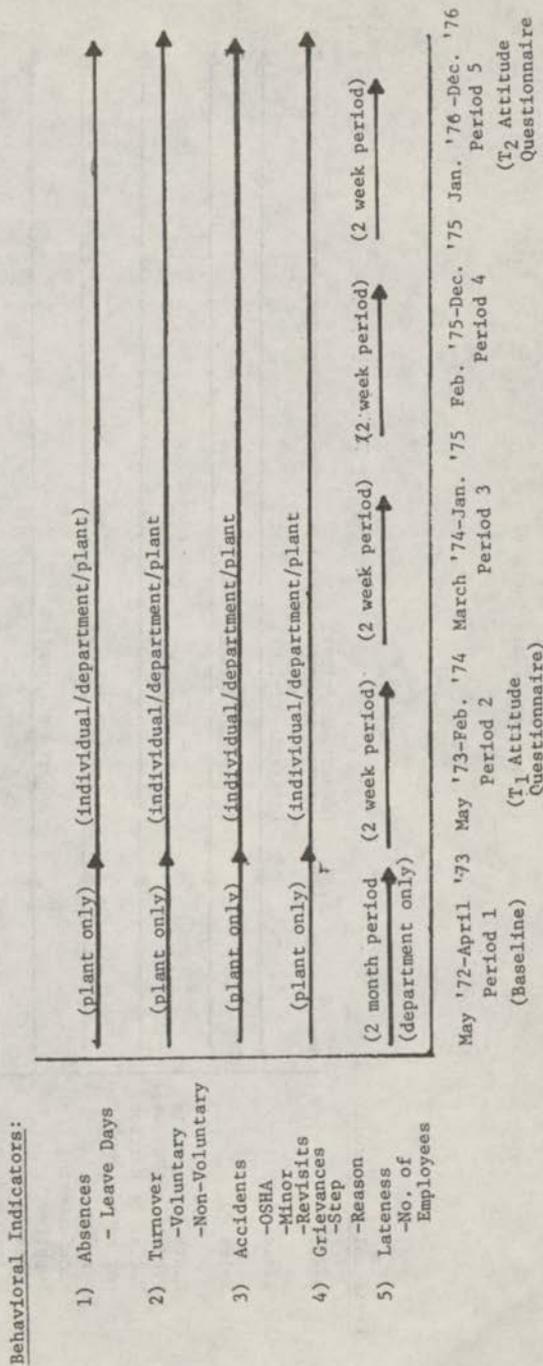


Table 2

An Example of the ISR/Bolivar
Financial Data Set
(departmental data/monthly)

Financial Indicators:	(department/plant)	(department/plant)	(department/plant)	(department/plant)	(department/plant)	(department/plant)	TIME
1) Quality	→	→	→	→	→	→	May '72-April '73 Period 1 (Baseline)
2) Efficiency	→	→	→	→	→	→	May '73-Feb. '74 Period 2 (T ₁ Attitude Questionnaire)
3) Sales	→	→	→	→	→	→	March '74-Jan. '75 Period 3
4) Costs of Counter- Productive Behavior	→	→	→	→	→	→	Feb. '75-Dec. '75 Period 4
5) Dollar Production per hourly employee per day	→	→	→	→	→	→	Jan. '76-Dec. '76 Period 5 (T ₂ Attitude Questionnaire)
6) Manufacturing Supplies	→	→	→	→	→	→	
7) Other (Downtime, units produced, etc.)	→	→	→	→	→	→	

Table 3

Some Critical Events in the Bolivar
Work Improvement Program: 1972-1976

- Phase I: Preliminary Negotiations - January, 1972-April, 1973
- Phase II: Survey and On-Site Participant Observer - May, 1973-February, 1974
- Four Principles:
1. Increased security
 2. Increased equity
 3. Increased individualization
 4. Increased democracy
- Working Committee established October, 1973
- "Shelter Agreement" between Harman International and U.A.W.
- Phase III: Experimental Phase - March, 1974-January, 1975
(on-site observation in plant)
- Experimental Groups: Three experiments with options of bonus,
time or education
1. Pre-Assembly
 2. Assembly
 3. Polish and Buff
- Earned Idle Time (EIT)
- Phase IV: Plant-Wide Experiment - Feb., 1975-December, 1975
[Earned Idle Time - Going home early only]
- and
- The In-Plant School
- Historic vote by local union ratifying Work Improvement Program
- Phase V: Search for Self-Renewal - Cost sharing-Saving Program -
January, 1976-December, 1976*
1. Joint determination of efficiency rates of U.A.W. and Harman International
 2. Sharing of profitability information
 3. Joint sharing of savings (type of Scanlon plan) becomes a possibility

Table 3 (contd.)

4. Need for and involvement of third party questioned
5. Institutionalization possibilities of the Work Improvement Program and Working Committee at Bolivar (renewal and diffusion discussed)

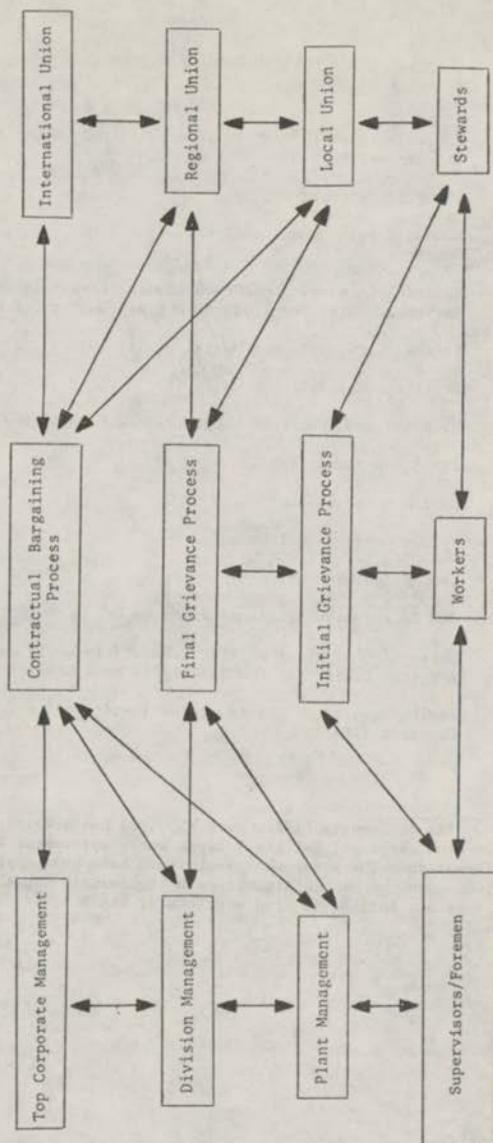
*Earned idle time and the in-plant school still in effect even though the new emphasis of the Work Improvement Program has been on the Cost-Saving-Sharing Program. Work Improvement Program still in effect during 1977 although ISR has stopped measurement activities at the plant.

Table 4
Bolivar Funding Sources*

- 1) United Automobile Workers of America and Harman International Industries, Inc.
- 2) The Ford Foundation
- 3) Economic Development Administration (EDA) - U.S. Dept. of Commerce
- 4) National Commission on Productivity (presently called the National Center for Productivity and Quality of Working Life)
- 5) National Institute For Mental Health (NIMH)
- 6) Institute For Policy Studies (IPS), Washington, D.C.
- 7) W. E. Upjohn Institute For Employment Research
- 8) The Sloan Foundation
- 9) German Marshall Fund
- 10) United States Steel Workers
- 11) The Mellon Foundation
- 12) IBM Corporation (funds provided to Dr. M. Maccoby by IBM)
- 13) National Quality of Working Center (presently called the American Center for the Quality of Work Life)
- 14) The University of Michigan, The Institute for Social Research (ISR)

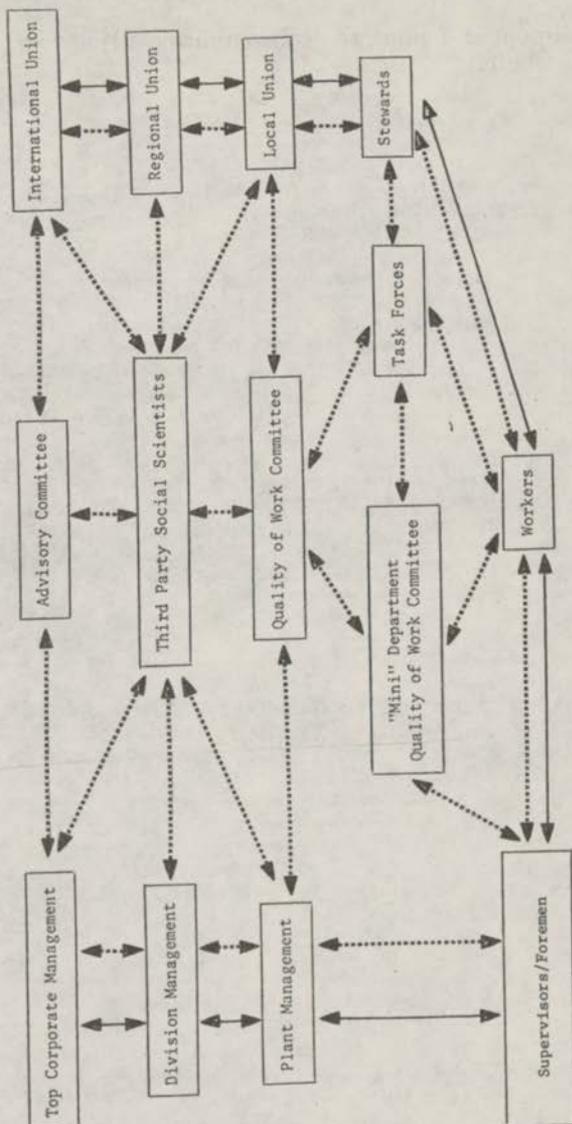
*As of January, 1977, over \$550,000 has been expended (money and in-kind services) for the Bolivar Work Improvement Program since its inception. The assessment activities have been approximately \$113,000 with the change activities approximately totalling \$437,000. This does not include in-kind services at the Bolivar plant and elsewhere.

Diagram I
Traditional Union-Management Relationships



..... = traditional relationships

Diagram II
 Joint Labor-Management Quality of Work Influence Process:
 New Structures and Processes



Senator JAVIRS. The hearing will be adjourned subject to the call of the Chair.

[Whereupon, at 1 p.m., the subcommittee adjourned, subject to the call of the Chair.]

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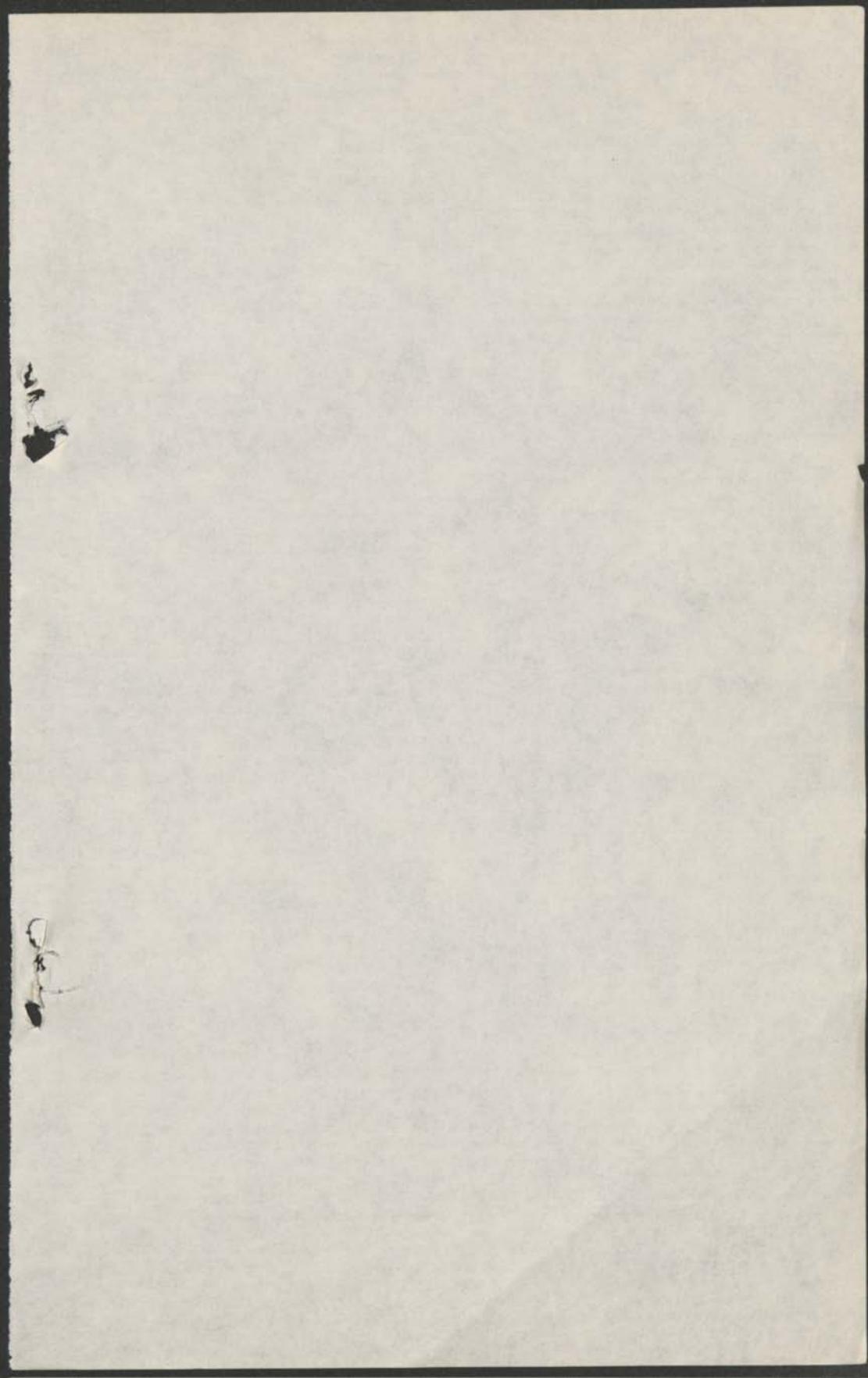
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