

FEDERAL MEDIATION AND CONCILIATION SERVICE

Washington, D. C.

"Collective Bargaining's Important  
Role During the Term of a Contract"

An Address

by

W. J. Usery, Jr.

Special Assistant to the President  
Director, Federal Mediation and Conciliation Service

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IT IS TRULY BOTH A PLEASURE AND AN HONOR TO BE  
HERE AT THE UNIVERSITY OF DETROIT AND TO TAKE PART IN A  
CONFERENCE ON A SUBJECT AREA THAT IS TOO OFTEN NEGLECTED  
EVEN IN MORE STABLE TIMES--THE ADMINISTRATION OF LABOR-  
MANAGEMENT CONTRACTS.

AS YOUR PROGRAM INDICATES, THE ADMINISTRATION  
OF CONTRACTS TAKES ON ADDED IMPORTANCE IN THESE DAYS OF  
ECONOMIC CRISIS.

WE IN THE FEDERAL MEDIATION AND CONCILIATION SERVICE  
ARE PROUD OF OUR ROLE AS A CO-SPONSOR OF THIS TIMELY EVENT.

FATHER DEMPSEY AND THE UNIVERSITY OF DETROIT ARE TO BE CONGRATULATED FOR THEIR CONTINUING EFFORTS TO BRING EXCHANGES OF KNOWLEDGE--THE ROOT OF ALL EDUCATION--TO PRACTITIONERS IN THE EVER-CHANGING, VIBRANT FIELD OF COLLECTIVE BARGAINING.

THERE IS ANOTHER REASON WHY I AM PERSONALLY PLEASED WITH THIS PARTNERSHIP BETWEEN FMCS AND THE UNIVERSITY OF DETROIT. THIS IS A PRIVATE INSTITUTION: WE ARE A PUBLIC AGENCY. SO THIS SEMINAR REPRESENTS A PARTNERSHIP OF THE PRIVATE AND PUBLIC SECTORS FOR THE PURPOSE OF HELPING ALL OF US TO BE BETTER EQUIPPED TO HELP OURSELVES. THIS, TO ME, IS GOVERNMENT INVOLVEMENT AT ITS BEST.

JIM MACPHERSON AND HIS REGION 4 STAFF HAVE

DEVELOPED AN OUTSTANDING ABILITY TO BRING LEADERS OF LABOR

AND MANAGEMENT TOGETHER THROUGH COOPERATIVE EFFORTS WITH THE

ACADEMIC COMMUNITY.

I HAVE HAD THE PRIVILEGE OF SPEAKING TO SEMINARS THAT

WERE CO-SPONSORED BY OUR AGENCY AT AQUINAS COLLEGE IN GRAND

RAPIDS AND FERRIS STATE COLLEGE IN THAT LOVELY COMMUNITY OF

BIG FALLS.

I LAST VISITED YOUR CITY IN MAY OF 1973, WHEN I SPOKE

TO A MEETING OF THE DETROIT CHAPTER OF THE INDUSTRIAL RELATIONS

RESEARCH ASSOCIATION.

IN THOSE RELATIVELY TRANQUIL TIMES, OUR GREATEST WORRIES REVOLVED AROUND ECONOMIC CONTROLS, MILD INFLATION, SPORADIC CONFLICTS IN NEGOTIATIONS IN THE RUBBER INDUSTRY AND THE CHANCES FOR PEACEFUL SETTLEMENTS IN CONTRACTS INVOLVING GENERAL ELECTRIC AND WESTINGHOUSE, THE TRUCKING AND AUTO INDUSTRIES.

SINCE THAT TIME, WE HAVE BEEN BUFFETED ABOUT BY AN ENERGY CRISIS, DOUBLE DIGIT INFLATION, THE DEEPEST RECESSION SINCE WORLD WAR II AND AN UNEMPLOYMENT RATE OF EQUAL PROPORTIONS.

THROUGH ALL OF THIS TURBULENCE, THE COLLECTIVE  
BARGAINING PROCESS HAS PROVED ITSELF TO BE A STABLE, RELIABLE  
MECHANISM THAT CAN FUNCTION FOR THE BEST--EVEN IN THE WORST  
OF TIMES.

A KEY REASON FOR THE GROWING STRENGTH OF OUR  
COLLECTIVE BARGAINING SYSTEM IS ITS FLEXIBILITY--ITS CAPACITY  
TO ADAPT ITSELF TO CHANGE.

AS YOUR PROGRAM SO PROPERLY INDICATES, ARBITRATION  
IS A PRIME FACTOR IN MAKING COLLECTIVE BARGAINING A LIVING,  
DAY-TO-DAY FUNCTION.

ARBITRATION--THE OLDEST OF ALL THIRD-PARTY  
NEUTRAL PROCESSES IN AMERICAN LABOR-MANAGEMENT RELATIONS--  
IS GROWING IN POPULARITY AS AN EFFECTIVE MECHANISM FOR  
RESOLVING DISPUTES. IT IS GROWING IN POPULARITY BECAUSE  
IT WORKS.

PROponents OF ARBITRATION, INCLUDING THE FMCS  
AND THE AMERICAN ARBITRATION ASSOCIATION, OFTEN CITE THE  
FACT THAT SOME 95 PERCENT OF ALL LABOR-MANAGEMENT AGREEMENTS  
CONTAIN CLAUSES CALLING FOR THE ARBITRATION OF GRIEVANCES.

MAYBE WE CALL ATTENTION TO THIS IMPRESSIVE FACT  
FIGURE TOO OFTEN.

BECAUSE THE FACT IS THAT MANY OF THOSE SAME CON-  
TRACTS ALSO HOLD CLAUSES THAT EXEMPT FROM ARBITRATION ANY  
NUMBER OF DISPUTE AREAS.

IT IS NOT UNUSUAL FOR A CONTRACT TO EXCLUDE FROM  
ARBITRATION GRIEVANCES CONCERNING ECONOMIC ITEMS, OR SAFETY,  
OR CERTAIN DISCIPLINARY ACTIONS. AND IT IS NOT UNUSUAL FOR  
WORKERS TO USE THE STRIKE AS THE ULTIMATE ARBITER OF  
CONFLICTS IN THESE DISPUTED AREAS.



FULLY A THIRD OF ALL WORK STOPPAGES RECORDED  
BY THE BUREAU OF LABOR STATISTICS CAN BE CLASSIFIED AS  
GRIEVANCE STRIKES--WALKOUTS OCCURRING DURING THE TERM OF  
A CONTRACT.

FORTUNATELY, THERE HAS BEEN A SHARP INCREASE IN  
THE NUMBER OF PARTIES WHO HAVE CHOSEN TO TURN TO ARBITRATION  
IN A SEARCH FOR PEACEFUL SOLUTIONS TO PROBLEMS THAT ARISE  
DURING THE TERM OF A CONTRACT.

IN THE PAST DECADE, THE NUMBER OF REQUESTS THAT WE  
AT THE SERVICE HAVE RECEIVED FOR ARBITRATION PANELS HAS TRIPLED--  
AND IS STILL RISING.

WE HAVE BEEN RESPONDING TO THIS DEMAND. SINCE  
OUR OFFICE OF ARBITRATION WAS REVAMPED AND STRENGTHENED IN  
1973, WE HAVE CUT BY MORE THAN HALF THE TIME REQUIRED TO  
ANSWER REQUESTS FOR ARBITRATION PANELS.

THROUGH THE HELP OF A COMPUTER, WE HAVE BEEN  
ABLE TO CUSTOMIZE THOSE PANELS SO THAT THEY WILL CONTAIN  
PROFESSIONAL ARBITRATORS WHO POSSESS SPECIFIC BACKGROUNDS  
AND EXPERIENCES SOUGHT BY THE PARTIES.

LAST YEAR WE ESTABLISHED A BLUE-RIBBON ARBITRATION  
ADVOSORY COMMITTEE TO HELP US MAINTAIN A MOMENTUM OF GENERAL  
IMPROVEMENT.

THIS GROUP OF A DOZEN LEADING FIGURES IN THE FIELD INCLUDES RAY SHETTERLY OF THE UNITED AUTO WORKERS, A MAN WHO HAS MADE A SIGNIFICANT CONTRIBUTION TO OUR PROGRAM.

JUST RECENTLY I ASKED DAVE COLE--AN EMINENT ARBITRATOR AND A FORMER DIRECTOR OF THE FMCS--TO ASSIST US IN BUILDING OUR CAPACITY TO PROVIDE ARBITRATION SERVICES.

ALONG WITH THE AMERICAN ARBITRATION ASSOCIATION, THE NATIONAL ACADEMY OF ARBITRATORS AND OTHERS IN THE LABOR-MANAGEMENT COMMUNITY, WE HAVE BEEN TRYING TO BROADEN THE RANGE OF ACCEPTABILITY AND AVAILABILITY OF SKILLED PROFESSIONAL ARBITRATORS FROM THE ROSTERS OF THE FMCS AND THE TRIPLE A.

TO ME, THE HIGH INCIDENCE OF GRIEVANCE STRIKES  
MIRRORS A WIDESPREAD NEED FOR A STILL GREATER EXPANSION  
OF THE USE OF ARBITRATION IN SOLVING DISPUTES DURING  
THE TERM OF A CONTRACT.

THE GREATER UTILIZATION OF ARBITRATION REFLECTS  
JUST ONE OF MANY WAYS IN WHICH CONTRACTS BETWEEN LABOR AND  
MANAGEMENT ARE BEING MOLDED INTO LIVING DOCUMENTS.

WE HAVE SEEN A STEADY STREAM OF NEWS REPORTS IN  
WHICH UNIONS AND MANAGERMENTS HAVE JOINED TOGETHER TO MAKE  
CONTRACT ADJUSTMENTS REQUIRED TO MEET HARSH ECONOMIC  
REALITIES.

A MONTH AGO SOME 10,000 EMPLOYEES OF THE CHICAGO,  
ROCK ISLAND AND PACIFIC RAILROAD AGREED TO TAKE A 10 PERCENT  
WAGE CUT--A TOTAL OF A MILLION AND-A-HALF DOLLARS A MONTH--  
FOR AN INDEFINITE PERIOD OF TIME. THIS ARRANGEMENT WAS WORKED  
OUT BY 17 UNIONS IN AN EFFORT TO KEEP THE RAILROAD FROM  
GOING UNDER. WHETHER THE SACRIFICE WILL SUCCEED REMAINS  
A QUESTION. BUT THE FACT THAT A COMPANY AND 17 UNIONS COULD  
AGREE TO A MID-CONTRACT CHANGE--EVEN ONE DICTATED BY  
ECONOMIC NECESSITY--IS WORTHY OF NOTE.

IN A SIMILAR VEIN, PILOTS, REPORTERS, LABORERS,  
OPERATING ENGINEERS, CLOTHING WORKERS AND CITY EMPLOYEES  
HAVE AGREED--THROUGH THEIR UNIONS--TO ACCEPT A VARIETY OF  
ECONOMIC ADJUSTMENTS IN ORDER TO HELP A FINANCIALLY  
TROUBLED MANAGEMENT OR TO SPREAD THE AVAILABLE WORK.

WHILE THESE EXAMPLES SHOW THAT THE COLLECTIVE  
BARGAINING PROCESS IS CAPABLE OF VIRTUALLY UNLIMITED  
FLEXIBILITY, A WORD OF CAUTION IS, I THINK, IN ORDER HERE.

THE CASES WHERE WORKERS HAVE AGREED TO CHANGES  
THAT WILL BRING REDUCED INCOMES SHOULD NOT BE TAKEN AS  
ROUTINE HAPPENINGS.

THEY ARE UNIQUE. MOST INVOLVE RELATIVELY HIGH-PAID EMPLOYEES WHO CAN MORE READILY AFFORD TO COMPROMISE--PILOTS, REPORTERS AND CONSTRUCTION WORKERS FOR EXAMPLE.

THEIR EXPERIENCES AND ACTIONS SHOULD NOT BE CONSIDERED A PATTERN FOR NEGOTIATORS WHO ARE FASHIONING NEW LABOR-MANAGEMENT AGREEMENTS.

AND THEY REPRESENT ONLY ONE MORE FORM OF CHANGE THAT WE ARE SEEING IN THE COLLECTIVE BARGAINING PROCESS DURING THE TERMS OF AGREEMENTS.

IN THE RETAIL FOOD INDUSTRY, WE ARE WITNESSING AN  
EXCELLENT EXAMPLE OF A JOINT LABOR-MANAGEMENT EFFORT TO  
BRING CONSTANT ATTENTION TO COLLECTIVE BARGAINING PROCEDURES  
EVEN AS THOUSANDS OF CONTRACTS ARE BEING RENEGOTIATED.

DR. JOHN DUNLOP--NOW SECRETARY OF LABOR JOHN DUNLOP--  
AND I WERE PRIVILEGED TO PLAY A PART IN THE ESTABLISHMENT  
OF THE JOINT LABOR-MANAGEMENT COMMITTEE OF THE RETAIL FOOD  
INDUSTRY.

THAT COMMITTEE IS JOINTLY FINANCED BY THREE MAJOR  
UNIONS WITH SUBSTANTIAL MEMBERSHIP IN THE RETAIL FOOD  
INDUSTRY AND SEVERAL RETAIL FOOD CHAINS.



SERVING AS ITS NEUTRAL CHAIRMAN IS WAYNE HORVITZ, AN OUTSTANDING ARBITRATOR, MEDIATOR AND LABOR-MANAGEMENT EXPERT.

JUST LAST MONTH--ON MARCH 6-- THE COMMITTEE APPROVED A SET OF TEN BASIC COLLECTIVE BARGAINING PROCEDURES THAT ARE DESIGNED TO REDUCE THE NUMBER OF WORK STOPPAGES AND TO IMPROVE NEGOTIATIONS IN THE INDUSTRY.

THE COMMITTEE'S PROGRAM COULD BE TERMED THE TEN COMMANDMENTS FOR EFFECTIVE COLLECTIVE BARGAINING. BRIEFLY THE PLAN PROVIDES THAT:

ONE: CONTRACT PROPOSALS SHOULD BE EXCHANGED WELL IN ADVANCE OF CONTRACT EXPIRATION.

TWO: "ELEVENTH HOUR" BARGAINING SHOULD BE AVOIDED AS BEING COUNTERPRODUCTIVE, THE FREQUENT CAUSE OF STRIKES AND THE PERPETRATOR OF UNFAIR SETTLEMENTS FOR EITHER THE UNION OR MANAGEMENT.

THREE: OUR AGENCY, THE FEDERAL MEDIATION AND CONCILIATION SERVICE, SHOULD BE UTILIZED. THE COMMITTEE ADDS THAT RATHER THAN A SIGN OF WEAKNESS, THE CALL FOR MEDIATION IS A SIGN OF STRENGTH-- A COMMITMENT TO FREE COLLECTIVE BARGAINING.

FOUR: NEGOTIATIONS SHOULD BE CONDUCTED AT THE BARGAINING TABLE--AND NOT IN THE PRESS. THE COMMITTEE SUGGESTS THAT JOINT AGREEMENTS TO IMPOSE NEWS BLACKOUTS OR TO COMMENT ONLY THROUGH RELEASES AGREED TO BY BOTH PARTIES COULD AVOID CONFRONTATIONS CAUSED BY NEWS COVERAGE THAT, IN THE COMMITTEE'S WORDS, "IS TOO OFTEN INACCURATE."

FIVE: ALL ISSUES SHOULD BE FULLY AND ACCURATELY CLARIFIED FOR ALL CONCERNED BEFORE STRIKE ACTION IS INIATIATED.

SIX: EVERY POSSIBLE ALTERNATIVE TO A WORK STOPPAGE SHOULD BE CONSIDERED BEFORE A STRIKE IS CALLED.

SEVEN: ALL OF THE RECOMMENDED PROCEDURES SHOULD BE INTEGRATED WITH THE INTERNAL PROCEDURES OF THE LABOR AND MANAGEMENT MEMBERS OF THE COMMITTEE.

EIGHT: NEGOTIATORS SHOULD STRIVE TO REACH AGREEMENTS WELL AHEAD OF ANY STRIKE DEADLINE, SO THAT THE TERMS CAN BE FULLY EXPLAINED FIRST, TO THE CONSTITUENTS OF EACH PARTY AND, SECOND, TO THE PUBLIC.

NINE: IN THE EVENT OF A STRIKE, NEGOTIATIONS SHOULD CONTINUE, WITH NEWS RELEASES KEPT AT A MINIMUM AND LIMITED TO THE FACTS. EMPLOYERS SHOULD BE PERMITTED TO REMOVE PERISHABLES TO PREVENT SPOILAGE.

THE JOINT COMMITTEE NOTES A TRUTH  
HERE: NAMELY, THAT EVENTUALLY A STRIKE  
WILL BE SETTLED, AND THAT EVERY EFFORT  
SHOULD BE MADE TO PREVENT ANY RESIDUAL  
SCARS WHEN NORMAL RELATIONS RESUME.

FINALLY, THE COMMITTEE RECOMMENDS  
THAT DETAILS OF A SETTLEMENT OF ALL ECONOMIC  
AND NON-ECONOMIC PROVISIONS SHOULD BE  
IMMEDIATELY COMMUNICATED TO ALL REPRESENTATIVES  
OF BOTH SIDES.

I AM CONFIDENT THAT SHOULD THESE  
TEN STEPS BE FOLLOWED, WE WILL SEE AN INCREASE  
IN PEACEFUL, JUST AND FAIR CONTRACT  
SETTLEMENTS, AND A DECREASE IN STRIKES.

IT IS MY FOND HOPE THAT THE JOINT COMMITTEE'S  
PROGRAM WILL BE SO SUCCESSFUL THAT IT WILL BE ADOPTED BY  
OTHERS AS A PATTERN FOR PEACE IN LABOR-MANAGEMENT RELATIONS.

YET ANOTHER AREA THAT IS GRADUALLY BEING OPENED  
TO CONTINUAL USE OF COLLECTIVE BARGAINING PROCEDURES  
INVOLVES A SUBJECT AREA THAT HAS BEEN AN ENIGMA TO A GENERATION  
OF EXPERTS: PRODUCTIVITY.

REACTIONS TO THE WORD "PRODUCTIVITY" VARY. FOR  
MORE THAN ONE UNION REPRESENTATIVE, IT CAUSES A GUT FEELING  
NOT UNLIKE THAT ASSOCIATED WITH THE WORD "SPEEDUP."

TO OTHERS, IT IS AS ROGER CANFIELD OF THE  
INTERNATIONAL PERSONNEL MANAGEMENT ASSOCIATION RECENTLY  
SAID, "A WORD CALCULATED TO INDUCE SLEEP, AND MUCH  
LITERATURE ON IT HAS THE SAME EFFECT."

WHAT WE NEED IS ANOTHER WORD THAT CAN ENCOMPASS THE TRUE MEANING OF THE WORD PRODUCTIVITY. . . A WORD THAT EXPRESSES GREATER JOB SATISFACTION AND BETTER PAY; ENHANCED EFFICIENCY AND CORPORATE PROFITS -- IN SUM, A BETTER LIFE.

BECAUSE THAT, IN TRUTH IS WHAT PRODUCTIVITY IS ALL ABOUT. AND IT DESERVES A HIGH PRIORITY ON OUR AGENDA OF ECONOMIC NECESSITIES.

WE HAVE A TESTED EXAMPLE TO TURN TO: THE STEEL INDUSTRY AND THE UNITED STEELWORKERS.



AFTER HAVING LESS THAN SPECTACULAR SUCCESS IN THE 1960s WITH A HUMAN RELATIONS COMMITTEE, THE PARTIES IN 1971 AGREED TO ESTABLISH A JOINT ADVISORY COMMITTEE ON PRODUCTIVITY IN EACH PLANT. THE PURPOSE OF THE COMMITTEES, ACCORDING TO THE CONTRACT LANGUAGE, IS TO "ADVISE WITH PLANT MANAGEMENT CONCERNING WAYS AND MEANS OF IMPROVING PRODUCTIVITY AND DEVELOPING RECOMMENDATIONS FOR STIMULATING ITS GROWTH . . . TO PROMOTE ORDERLY AND PEACEFUL RELATIONS WITH EMPLOYEES, TO ACHIEVE UNINTERRUPTED OPERATIONS IN THE PLANTS, TO PROMOTE THE USE OF DOMESTIC STEEL...

THE INITIAL REACTION FROM LOCAL UNIONS ACCORDING TO ONE VETERAN STEELWORKER , WAS "YOU GOTTA BE KIDDING!"

AND YET THE COMMITTEES, THROUGH THE SLOW PROCESS OF BUILDING MUTUAL TRUST, ARE SHOWING SIGNS OF SUCCESS.

DONALD DALENA, A FULL-TIME STEEL WORKER AND PART-TIME WRITER AND EDITOR OF HIS LOCAL UNION'S PUBLICATION, DISCUSSED THE PRODUCTIVITY COMMITTEES IN A RECENT ISSUE OF INDUSTRY WEEK MAGAZINE. WHILE VOICING A TOUCH OF SKEPTICISM, HE ADDED THAT:

"A COLLECTIVE ATTITUDE OF CONCERN FOR PLANT PROPERTY AS 'OUR PROPERTY' COUPLED WITH A WHAT-CAN-WE-DO-FOR-US ATTITUDE IS NOT AN IDEALISTIC DREAM, BUT TOMORROW'S REALITY. . .

"FOR YEARS, WE'VE SENSELESSLY BATTERED EACH OTHER AROUND AND CONFRONTED EACH OTHER AS A MATTER OF POLICY," HE WROTE, "ONLY TO SUDDENLY DISCOVER THAT WE NEED EACH OTHER."

AS THE PARTIES ENTERED NEGOTIATIONS, IN 1971, THEY WERE AWARE THAT STEEL PRODUCTIVITY HAD BEEN DRIFTING ALONG AT ABOUT HALF THE ANNUAL INCREASE RATE FOR MANUFACTURING GENERALLY. AFTER THAT HISTORIC CONTRACT WAS SIGNED, OUTPUT PER MAN-HOUR SPURTED TO 4.3 PERCENT, MORE THAN DOUBLING THE LEVEL OF THE PREVIOUS TEN-YEAR AVERAGE. IN 1972, THE RATE WAS 4.4 PERCENT. AND IN 1973, IT LEAPED AHEAD BY NEARLY 11 PERCENT WHILE MUCH OF THE REST OF OUR ECONOMY WAS RECORDING A NET LOSS IN PRODUCTIVITY.

OBVIOUSLY, NOT ALL OF THAT GAIN CAN BE ATTRIBUTED TO THE ESTABLISHMENT OF COMMITTEES. BUT AS J. BRUCE JOHNSTON, VICE PRESIDENT OF LABOR RELATIONS FOR U.S. STEEL, HAS OBSERVED:

"THE PRODUCTIVITY COMMITTEES CONTRIBUTED TO OUR ABILITY TO FULLY UTILIZE THE STRONG STEEL MARKET EVEN THOUGH NONE OF US COULD BEGIN TO PUT A NUMBER ON IT."

IN A FREE SOCIETY, PROGRAMS THAT WOULD ENRICH WORKERS, MANAGERS AND INVESTORS CAN COME ONLY THROUGH COLLECTIVE BARGAINING. THEY CANNOT BE IMPOSED BY GOVERNMENT FIAT, OR BY UNILATERAL MANAGEMENT DECISION.

GOVERNMENT CAN HELP, OF COURSE. AN ADVOCATE-- INDEED, THE FATHER OF THE PROPOSITION THAT THE FEDERAL GOVERNMENT HAS AN OBLIGATION IN THE AREA OF PRODUCTIVITY IS GEORGE SHULTZ. HE WAS AN EARLY AND FIRM ADVOCATE OF UTILIZING GOVERNMENT RESOURCES TO PROMOTE PROGRAMS FOR PRODUCTIVITY.

AND THE EFFORTS OF PRESIDENT FORD AND JOHN DUNLOP TO BREATHE NEW LIFE INTO THE NATIONAL COMMISSION ON PRODUCTIVITY WILL, I'M CERTAIN, BEAR FRUIT.

IN ANY CASE, THE MESSAGE IS GETTING THROUGH THAT THE GOOD LIFE IS A LUXURY RESERVED FOR THE PRODUCTIVE, AND AVAILABLE ONLY WHEN LABOR AND MANAGEMENT--TOGETHER--CONTRIBUTE TO THAT GOAL.

WITH THAT IN MIND, WE AT THE FMCS HAVE LAUNCHED A NEW PROGRAM DESIGNED TO HELP LABOR AND MANAGEMENT IDENTIFY AND RESOLVE THOSE DAILY IRRITANTS THAT ARE THE THORNS IN THE ROSE PATCH OF PRODUCTIVITY.

SOMEONE PUT A GOVERNMENT TAG ON THE PROGRAM--CALLING IT "RELATIONSHIP BY OBJECTIVE"--BUT EVEN SO, EARLY RETURNS SHOW THAT IT CAN BE EFFECTIVE.

THE BASIC IDEA ENCOMPASSES FOUR SPECIFIC STEPS. FIRST, WE ASK MANAGEMENT AND LABOR TO IDENTIFY THEIR OWN PROBLEMS. THEN WE URGED THEM TO ESTABLISH SPECIFIC TARGET GOALS THAT ARE NECESSARY TO CORRECT THE PROBLEMS.

THIS IS FOLLOWED BY DISCUSSIONS THAT LEAD TO AN AGREEMENT ON ACTION, STEPS THAT THE PARTIES BELIEVE ARE REQUIRED TO REACH THEIR GOAL.

FINALLY, WE ASK THAT THE PARTIES SET PRECISE TIME LIMITS AND DESIGNATE THE PEOPLE WHO WILL BE RESPONSIBLE FOR CARRYING OUT THE ACTIONS NECESSARY TO ACHIEVE THE FINAL GOAL--A PROBLEM SOLVED.

OUR INITIAL TEST OF THE PROGRAM CAME EARLIER  
THIS YEAR AT THE GEORGIA-PACIFIC FACILITIES IN MAINE.  
IT REQUIRED THREE DAYS OF NEAR TOTAL IMMERSION IN A SERIES  
OF 10 MEETINGS BETWEEN GEORGIA-PACIFIC MANAGERS, 16 REPRESENTATIVES FROM FIVE UNIONS AND A CREW FROM OUR AGENCY.

THE COMPLETE COOPERATION WE RECEIVED FROM THE  
PARTIES IS A TRUE INDICATION TO ME THAT THE EFFORT WILL  
BRING REWARDS.

WE, TOO, LEARNED FROM OUR EXPERIENCE. AS A RESULT,  
WE HAVE CONDUCTED EIGHT ADDITIONAL RBO PROGRAMS IN SEVEN  
DIFFERENT STATES.

THIS RELATIONSHIP BY OBJECTIVES APPROACH STEMS FROM OUR EXPERIENCE THAT SHOWS THAT LABOR AND MANAGEMENT CAN BEST IDENTIFY THEIR OWN MUTUAL PROBLEMS. . . THAT LABOR AND MANAGEMENT ARE UNIQUELY EQUIPPED TO FIGURE OUT WHAT ACTIONS ARE NECESSARY TO SOLVE THOSE PROBLEMS. AND FINALLY, THAT LABOR AND MANAGEMENT, WORKING TOGETHER, HAVE THE ABILITY TO FORMULATE AND IMPLEMENT PROBLEM-SOLVING PROCEDURES DURING THE TERM OF A CONTRACT.

I AM CONVINCED THAT ANY TRUE IMPROVEMENT IN OUR PRODUCTIVITY WILL COME ONLY THROUGH PROGRAMS THAT DIRECTLY INVOLVE THE FRONT-LINE EMPLOYEES AND SUPERVISORS.



NATIONAL PLANS AND POLICIES CAN PROVIDE BROAD  
GUIDELINES.

BUT ONLY THE PEOPLE AT THE PLANT LEVEL CAN INSTILL  
THE SPIRIT OF IMPROVEMENT. . . FOR ONLY THE PEOPLE AT THE  
PLANT LEVEL CAN DEVELOP THE FORMULA FOR IMPROVEMENT. . .  
AND ONLY THE PEOPLE AT THE PLANT LEVEL CAN MAKE THE CHANGES  
NECESSARY TO CREATE A MORE PRODUCTIVE AND MORE REWARDING  
WORKPLACE.

ALL PRODUCTIVITY PLANS, TO SUCCEED, MUST RIDE  
THE SAME ESCALATOR--AND THAT ESCALATOR MOVES IN ONLY ONE  
DIRECTION: FROM THE FLOOR UP;

IN WASHINGTON, WE HAVE A WORD THAT IS ABUSED THROUGH OVERUSE. THAT WORD IS "CRITICAL."

BUT I THINK THAT ANY READING OF TODAY'S ECONOMIC DATA CAN LEAD ONLY TO THE CONCLUSION THAT WE ARE IN 1975 AT A CRITICAL POINT IN OUR ECONOMIC HISTORY.

I REMAIN CONVINCED THAT OUR FREE COLLECTIVE BARGAINING SYSTEM WILL PROVIDE THE ANSWER BY HELPING BOTH LABOR AND MANAGEMENT REACH AGREEMENTS THAT WILL MEET NOT ONLY THEIR OWN NEEDS BUT THE OTHER PERSON'S TOO. BY THAT EXAMPLE, IT CAN SERVE AS A MODEL FOR THE NATION, NOT ONLY IN RESTRAINING INFLATION AND EASING THE RECESSION, BUT IN SETTING A STANDARD OF COOPERATION THAT CAN RESTORE THE ECONOMIC STABILITY OF OUR COUNTRY.

IF, DURING THE TERM OF A CONTRACT, WE SHOW THE  
SAME INGENUITY. . .THE SAME EXPERTISE. . . THE SAME  
DESIRE THAT IS SO OFTEN DISPLAYED IN NEGOTIATING A NEW  
CONTRACT, WE WILL ACCOMPLISH THAT GOAL.