FEDERAL MEDIATION AND CONCILIATION SERVICE

"Labor-Management Cooperation: Its Nature and Application"

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Labor-Management Cooperation: Its Nature and Application

Labor-Management cooperation is obviously necessary for the smooth operation of the collective bargaining process. There is no question that we must learn to solve mutual problems with reason and with consideration for the public interest.

I have a little story here that may be pertinent to the subject matter. It involves a Tennessee farmer who had quite a reputation for training the best mules in the South. Word got around that he succeeded because he treated his mules with honeyed words and kindness. Finally, a lady from the SPCA heard about it. She was delighted, of course, that someone finally was treating mules with kindness, so she went over to see the farmer himself. She congratulated him and asked whether the story was true.

He said, "Oh yes, it is true. That is exactly the method I use. As a matter of fact, I am going to start training a new class shortly. Wouldn't you care to come down and watch?" She was very pleased and said, "Yes, I'd love to." So they walked down to the barnyard and he opened the gate and walked in and picked up a two by four, and slapped the mule hard. The little lady was furious and said, "I thought you trained those mules with honeyed words and kindness." "Oh," he said, "I do. But first I have to get their attention."

The point of the story is that sometimes we have to get cooperation the hard way. In labor relations the impetus for seeking better relations often comes after an experience that draws "attention" to the problem.

I would like to call your attention to the present experiences surrounding the labor-management relationship and the collective bargaining process.

Nineteen seventy was one of the busiest and most important years in the history of collective bargaining.

Our Service, which has as its function the avoidance and minimizing of work stoppages which impact interstate commerce, received in the private sector alone over one hundred thousand notices of contract terminations and amendments.

Additionally, we received about eight thousand notices of representation elections which resulted in approximately four thousand new bargaining situations.

As a result of these notices, we made approximately thirty thousand case assignments. Some two hundred and fifty professionals - located in seventy-nine cities scattered throughout the United States - "had a finger" in the settlement of some three hundred and fifty labor contracts per week. Our mediators were around the bargaining table in about one hundred and fifty of these bargaining situations.

Approximately eighty-five percent of these settlements were reached without work stoppage. This percentage was appreciably higher when the mediator became involved in settlement efforts prior to the expiration of the collective bargaining agreement.

The impact of all settlements upon the economy was enormous.

First-year wages increased an average of 11.9 percent.

Manufacturing industry first-year increases averaged 8 percent against 15.4 percent for non-manufacturing, which includes the construction and transportation industries.

Strike idleness averaged .34 percent of the work force as against .24 percent in 1969 and .28 percent 1968.

Three million three hundred thousand individuals were involved in strike situations. This figure has been exceeded only in 1946 and in the Korean conflict of 1952.

Of interest to these figures is that five work stoppages - General Electric, General Motors, Chicago Trucking, Kansas City Construction, and trucking in several states - accounted for one million man-days of idleness.

Fifty percent of the fifty-six hundred stoppages that occurred in 1970 were in the construction and transportation industries.

The collective bargaining load will continue active and important in 1971.

Nearly five million workers are under major contracts (those covering 1,000 employes or more) that either expire in 1971 or contain 1971 wage reopening provisions. Additionally, another five million employes under major agreements will receive the highest deferred wage increases on record.

Major pattern-setting industries scheduled for negotiations in 1971 include steel (400,000 employes), aerospace (212,000), telephone (538,000), construction (532,000), clothing (125,000), bituminous coal (80,000), aluminum (44,500), cans (38,000), glass (92,000), gas and electric utility (317,000), and stevedoring (73,000). In addition, some four hundred thousand workers will continue to bargain with a government-imposed no-strike period expiring the end of February.

Deferred increases in 1971 will average seven and eight-tenths percent - the highest ever. Manufacturing industry increases will be four and nine-tenths percent, or eighteen and one-tenth cents, an hour. Largely because of high increases in trucking and construction, non-manufacturing increases will average ten and eight-tenths percent, or fifty-eight and four-tenths cents, per hour.

Additionally, in 1971 about three million workers will be covered by cost-of-living adjustment clauses.

It is against this background that labor and management must approach 1971 bargaining relationships.

It is against this background also that labor, management and Government must work cooperatively to assure that the public interest is well served.

This Administration is moving strongly to protect the public interest and to encourage labor-management cooperation in its bargaining and other relationships.

In construction, the President has made it clear to the leadership of that industry that it must develop solutions to its problems.

At a meeting of the Construction Industry Collective Bargaining Commission on January 18, 1971, the President set a deadline of thirty days for the Commission to develop a program of voluntary profit and wage restraint. In issuing his request for voluntary action, he cautioned that the solution must produce real change and that the industry must not seek to transfer the problem to Government.

Although no specifics for such a program were suggested, the list of possibilities are many. Significantly, however, voluntary action was indicated to be the "name of the game." An effective voluntary restraint plan would make unnecessary such

possible steps as suspension of the Davis-Bacon Act, elimination of union hiring halls, or imposition of wage-price controls and guidelines.

Also, in construction, work is under way to develop broader based bargaining in the industry.

The present system of collective bargaining in construction permits bargaining on a very limited geographic scale and in small sections of the industry. This fragmentation of the industry results in economic disparities, in an imbalance of economic pressures, and excessive strikes. The possibility of reducing such fragmentation and imbalance of bargaining power by broadening the geographical scope of collective bargaining within the industry, and in establishing relationships within that scope, is being actively and cooperatively considered by industry and Government leadership.

In the transportation industry renewed efforts by the Administration to enact a realistic law to deal with national emergency disputes in that industry will be vigorously continued.

The purpose of the legislation is to enhance bargaining, and to avoid the current terminal requirement of arbitration by five hundred and thirty-five Congressmen and Senators when emergency disputes remain unsettled after exhaustion of the Taft-Hartley and Railway Labor Act procedures.

Because understanding of this proposed legislation is essential to the support of labor and management, I would like to emphasize a few points concerning it.

This Act would give the President a choice of three procedures to secure settlement of a dispute in the transportation industry. The proposed settlement options are mutually exclusive. Selection of one of the options available precludes the use of the others.

The first option is to extend negotiations for thirty days. It is intended for use only when the parties are so close to agreement that use of that option virtually assures agreement.

The second option is partial operation of the affected industry. This option provides for the parties - not the Government - to present a partial operation plan to an independent panel. Purpose of this option is to permit a continuance of economic pressures for settlement while protecting the public interest.

The third option is a final offer selection. The final offer concept is designed to put pressure upon the parties to adopt a reasonable position. Since the three-man panel of selectors appointed by the President cannot add or subtract from the final and alternate proposal of each party, the pressures to be responsive to the bargaining requirements of each party will be enhanced.

Additionally, in an effort to promote understanding and cooperation between labor and management, key representatives

of the Administration are meeting with labor and management officials of some of the principal industries that bargain in 1971.

Purposes of such meetings are to provide a forum for the exchange of thoughts. How do the parties view the collective bargaining problems? What are the possible solutions? Can the Government be helpful in supplying bargainig data? Mediation services?

Similar attention is being devoted to the public sector.

In the Federal public sector an intensive review of the first year of operations, under procedures established to govern bargaining in that sector, has been undertaken. Leadership of both Federal management and unions have been solicited for their views and experiences under the Federal bargaining system, and improvements in the system and procedures may be anticipated.

In the non-Federal public sector, encouragement is being given to state and local governments to gear up to handle problems absent Federal Government participation and direction.

It is significant to note, despite the tremendous growth of bargaining in the non-Federal public sector, only sixteen states have formalized bargainig and disputes settlement procedures.

This is especially important in view of the growth of public sector bargaining, the tremendous increase in disputes involving work stoppages, and the impact upon the cost and means of governing. For example, our Service's case load in the Federal

public sector the first seven months of fiscal 1971 has increased fourfold over the total case load in fiscal 1970. In the non-Federal public sector, where we have no specific jurisdiction and only serve upon request of both parties, and where state and other services are not available, as of February 1, 1971, our case load equaled the total for fiscal 1970.

The role of the Government is to assist labor and management leadership to resolve disputes and to assist in the development of mechanisms to avoid future impasses. There are no Solomons in Government as there are none in labor and management.

There are several things, however, that wise men in labor and management can and should do cooperatively.

One is to seek to avoid building or starting fires. This can and is being done by enlightened leaderships who are responsive to day-to-day problems of relationship as they occur. Early discussions of problems and development of solutions apart from the period of crisis bargaining can enhance labor-management cooperation.

Improved bargaining relationships also can be especially helpful in improving efficiency and productivity.

Where there is viable relationship between labor and management leadership, much can be accomplished to improve the economic health of an enterprise through correction of

inequities, eliminating "featherbedding" or unnecessary work practices, and adoption of more favorable production practices and techniques. This emphasis upon increased productivity is one of the key elements of our Administration's efforts to stabilize the economy.

Another thing that can be done is for each to fashion its bargaining program and policy, based upon a realistic appraisal of the requirements of the work force.

Approximately twenty percent of today's work force is under twenty-five years of age. Today's entrant into the work force is the best educated and most articulate ever to enter into it. His interests are different from his predecessors' with respect to attachment to his labor union or his company, and especially with respect to many of the traditional collective bargaining provisions.

Many blue collar youngsters are imitating their college cousins by dropping in and dropping out of industry rather than school. Reasons given are loss of identity, a realization that factory work probably will never be any more challenging than it is now, and a feeling of little responsibility for the work product.

Management and union leadership cooperatively can and must fashion programs and policies that are responsive to the requirements of the total work force.

Still another thing that can be done is the recognition that avoiding problems for which there is no obligation to bargain won't necessarily make the problem go away. In explanation, I need only to point to the several recent instances in hospital, sanitation, and government services, and in the construction industry where the interests of third parties not privy to the collective bargaining contract required solution in order to effect contract settlements. Problems of minority employment and day-care centers for working mothers are examples of such third-party interest situations.

Not only must these problems be recognized but there must be creative and flexible innovation on both sides of the table. How adequate the collective bargaining process is at any point in time will depend upon how well the parties deal with the situation presented to them - how well the parties have cooperated - how well labor and management leaderships have worked together in preparation for change.

In conclusion, I would like to tell you about a piece of paper that hit our office the other day. One of our California mediators reported that a company and union, which had experienced poor relations in the past, had failed to file the required notice of a contract termination. The mediator had spent six months in the last negotiations with these parties.

In the interim, he had conducted a joint labor-management training course of some nineteen sessions on how to improve relations. When he checked to find out why no dispute notice had been filed he was pleasantly surprised. The parties had started negotiations early on their own and come to a settlement ahead of the reopening date.

Now that required labor-management cooperation. It was not the largest plant in the country, nor the most important. But it was a grass-roots job of cooperation, the kind we all need to practice if we do our job to make collective bargaining work better.

Thank you for your attention and the opportunity to be here.