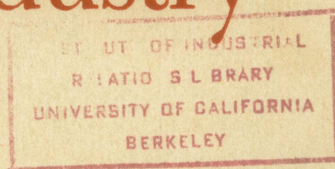


Institute of Industrial Relations
University of California
Berkeley

Industrial Relations in the

Construction Industry



JUN 30 1955

Gordon W. Bertram
Sherman J. Maisel

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WEST COAST COLLECTIVE BARGAINING SYSTEMS

Clark Kerr and Curtis Aller

Editors

This monograph was prepared in collaboration with the Real Estate Research Program, Bureau of Business and Economic Research, University of California. It is listed in their publication series as:

Research Report No. 7

Industrial Relations
IN THE
Construction Industry
THE NORTHERN CALIFORNIA
EXPERIENCE

GORDON W. BERTRAM
and SHERMAN J. MAISEL

INSTITUTE OF INDUSTRIAL RELATIONS
UNIVERSITY OF CALIFORNIA, BERKELEY
ARTHUR M. ROSS, DIRECTOR

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FOREWORD

This is the second in a series of short monographs which the Institute of Industrial Relations is publishing on collective bargaining on the Pacific Coast.

This region provides a splendid locale for such a group of studies. It has been familiar with unionism, collective agreements, and industrial conflicts for more than a century. Not only are workers more highly organized than in most other regions, but employer associations are unique, both quantitatively and in the extent of their activities. In some areas, particularly the San Francisco Bay area, central labor bodies are unusually influential in the conduct of collective bargaining. And as Clark Kerr and Curtis Aller point out in their preface, the West Coast presents a fascinating diversity of industrial and social environments which have placed their stamp on labor-management relations. For these reasons collective bargaining on the West Coast has deservedly attracted national and international interest among practitioners and students.

The editors of the series have had a wide and varied experience in analyzing industrial relations problems on the Pacific Coast and elsewhere. Clark Kerr was Director of the Institute at the time the original plans for the series were formulated. He is now Chancellor of the University of California at Berkeley, as well as a member of the Institute staff. Curtis Aller is also a member of the Institute staff and Lecturer in the School of Business Administration on the Berkeley Campus.

The first monograph in the series dealt with collective bargaining in the motion picture industry. Subsequent monographs will analyze collective bargaining in lumber, nonferrous metals, long-

shoring, aircraft, and several other significant industries. The authors are drawn principally from the staff of the University of California and other Pacific Coast universities.

The present monograph on industrial relations in the construction industry was prepared in collaboration with the Real Estate Program of the Bureau of Business and Economic Research of the University of California. Sherman J. Maisel is Associate Professor of Business Administration at the University of California, Berkeley, and is the author of *Housebuilding in Transition*, as well as of a number of articles on the economics of the housing industry. Gordon W. Bertram is Assistant Professor in the Department of Economics and Business Administration at the College of Puget Sound, Tacoma, Washington.

Arthur M. Ross
Director

PREFACE

The West Coast has a rich and remarkably varied history of collective bargaining despite its youth as a region of economic importance. Its Embarcadero in San Francisco, its streets of Seattle, its logging camps in the Northwest, its motion picture lots in the Los Angeles area, its fisheries in Alaska, its hard rock mines on either side of the Continental Divide, among other locales, have witnessed the development of unique and consequential systems of labor-management relations.

This study of the construction industry in Northern California is the second in a series of reports being published on individual West Coast bargaining situations. Each report is concerned with a single distinct system, whether it covers an industry, a portion of an industry, a union, or a group of unions. None of the studies purports to be an exhaustive analysis of the total collective bargaining experience of the system under survey. Rather, it is the intention to investigate one or a few central themes in each bargaining relationship—themes which relate to the essence of that relationship. The series will thus constitute a many-sided treatment of collective bargaining, illustrating both its diversity and its complexity.

In this account of collective bargaining in the Northern California construction industry, emphasis is given to the emergence of a unique system of regional bargaining. In four of the five basic trades, and in some of the specialty trades, agreements are negotiated for an area which includes all 46 counties of Northern California. This system, strongly supported by the larger contractors, has had the effect, among others, of establishing relative equality of bargaining power in the industry. Certain consequences, including more stable industrial relations and diminished possibilities of collusion, have followed.

Bargaining equality has been achieved principally through the coalescence of union strength resulting from the linkage of the metropolitan centers of union power to the less organized outlying areas. To some extent employer strength has also increased, since regional bargaining has permitted the welding together of the larger general contractors into an effective unit; whereas on a local basis the cooperation of all types of contractors is both more difficult to achieve and a less effective counter-balance to union power. However, as the authors indicate, the post-war rise of operative housebuilders comprising a distinct sub-industry has, by virtue of their greater vulnerability to strike action, strained the unity so eagerly sought by the larger contractors.

For the unions, the principal effect has been a diminution in the control over wage determination exercised by the local unions and building trades councils and a resultant shift in power to the internationals. While strong locals would still prefer the smaller bargaining areas in which their own power is maximized, the interest of the internationals in broadening the area so as to improve the position of the weaker units and so as to achieve uniform conditions has been the more successful influence. This internal shift in the locus of union power is similar to that which has long since occurred in many other unions. Yet only in this area has the transfer of power gone so far. Elsewhere, the local building trades councils have acquired additional power, and in the southern half of California they have retained considerable authority in a somewhat similar development of a regional bargaining system.

The 46-county system is described in the context of an analysis of the special contribution trade unions make, under certain conditions, to the stabilization of a basically unstable industry. Five stabilizing influences are distinguished: the effect of uniform wage rates; the reduction of uncertainty through union agreements; the provision of an adequate and competent labor supply; the regulation of entry and size of firms; and the discipline of the work force.

This report has been reviewed by employer, union, and public representatives who have special familiarity with collective bargaining in the industry. Among those to whom special thanks are due are: C. R. Bartalini, Secretary, Bay Counties District Council of Carpenters; J. L. Childers, Business Representative, Building and Construction Trades Council of Alameda County; Daniel F.

GORDON W. BERTRAM AND SHERMAN J. MAISEL

Del Carlo, Secretary-Treasurer, San Francisco Building and Construction Trades Council; and John I. Hennessy, Executive Vice-President, Associated Home Builders of the Greater East Bay. Their willingness to study the manuscript and to make constructive suggestions puts us deeply in their debt. The interpretations of the facts and the judgments expressed are, of course, solely the responsibility of the authors.

Clark Kerr
Curtis Aller
Editors

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INTRODUCTION

Trade unions play a central role in the functioning and operations of the construction industry. They are a stabilizing force (with both good and bad effects) in a basically unstable situation. Construction volume has fluctuated greatly in short periods. The number of jobs, volume, and type of work done by individual firms has varied even more. Firms have transferred rapidly from one type of work to another and have entered and left the industry in great numbers.

The production arrangements of the industry are keyed to flexibility. With the exception of operatively built houses, most projects require assembling of diverse factors at separate and distinct locations, usually in accordance with the terms of a contract awarded after public bidding. Jobs are broken down into simple operations, each of which uses specialized labor (organized by crafts) and often of specialized subcontractors. The ability to hire labor—of the requisite skills—for short periods enables the firms to adjust to an erratic rate of output and to wide diversities in design and type of work.

The construction worker is identified with the industry, and particularly with his own trade. His identification with an individual employer is minimal and temporary, lasting only as long as he works on a given job. This fractionalized system of labor, plus a lack of strong leadership among firms, has given the unions their unique position. Through the collective bargaining systems developed, and through their economic policies and work rules, the unions exert a tremendous influence.

Unions make their contribution to the operation of the industry principally through five types of stabilizing and regulatory

influences. These functions relate to: (1) the development of uniform wage rates for all firms in the bargaining area; (2) reduction of uncertainty through stabilization of wage rates and other costs for an agreed period of time; (3) regulation of entry and policing of the fringe of small firms in the industry; (4) provision of a skilled and experienced supply of labor; and (5) discipline of the work force.

While on the whole unions in construction have been welcomed, or at least accepted, because these functions are useful, not all five types of influence are equally important or desirable to every segment of the industry or to each size of contractor. For example, since a large sector of the housing industry does not construct on contract through competitive bidding, reductions of cost uncertainty are less important than to bidders. Similarly, small and medium-sized firms, which may be very happy over regulation of entry of new firms, are less concerned with control of the labor supply or with area-wide stabilization of rates. On the contrary, since these firms tend to maintain a stable labor force, unions' discipline of the labor force and control of labor supply may be a positive detriment. Labor relations in these firms are frequently on a personal basis, with wages often above scale. In such cases the regulation of working conditions based on over-all problems of the industry calls for procedures and techniques which may be both irksome and inefficient. It is also true, as will be seen, that in some cases practices welcomed by the industry may tend to raise costs for the general public.

An example of the feeling prevalent among many of the larger contractors was the comment of one that "The company's executives and superintendents are comfortable in a union atmosphere."¹ Among the smaller firms this same attitude is re-inforced by the fact that, at one time, many of the contractors were, themselves, members of a building trade union.

The craft unions, in turn, exemplify the business unionism approach, which does not challenge the framework of the industrial relationship. While conflicts have not been avoided, they have not been fundamental. Not only have the building unions tended to regard themselves in a category apart from industrial workers,

¹ *Hearings on S 1973*, U. S. Senate Subcommittee on Labor and Public Welfare, 82nd Congress, 1st Session (Washington, 1951), p. 164, statement of Gardiner Johnson.

because of their skill status, but also their attitude toward the employer is conditioned by the real, though diminishing, possibility that some of the craftsmen themselves, may become employing contractors.

This monograph will attempt to clarify the relationships between the unions and collective bargaining systems and the operation of the construction industry in San Francisco and Northern California through a review of the rather unique history of their labor relations and the current systems of bargaining. At the expense of more detailed treatment of other aspects of industrial relations in this industry, attention is focused upon the stabilizing influences of building trades unionism. However, recent developments in the structure of one segment of construction—the housing industry—deserve some emphasis, since until the post-war period it was difficult to distinguish housing, with its new and special problems for labor relations, from the rest of the industry. Another objective of this chapter is to trace the slow development of relative bargaining equality between the parties and to show some of the effects of this achievement on the industry.

THE ORGANIZATION AND STRUCTURE OF THE CONSTRUCTION INDUSTRY: ITS FIRMS AND UNIONS

Technical Organization of the Industry

The construction industry is actually a group of related firms whose principal common denominator is the employment of the same labor force and bargaining with the same trade unions. The hundreds of products of the industry fall into four broad groups, namely, houses; buildings other than houses, such as public, industrial and commercial building; heavy highway and engineering construction; and maintenance and repairs. While there is some overlap, most firms, with the exception of specialty contractors, tend to concentrate the bulk of their work in a particular sphere.

Although the types of firms and the problems faced within the spheres differ greatly, there is a resemblance among all parts of the industry based on a similarity of problems and of production methods. These lend to all construction some appearance of unity while differentiating construction firms from others in the economy.

Construction products tend to be immobile, durable, and large, both physically and in cost terms. The market is diverse, dispersed, and unstable. As a result, construction firms must be capable of a great deal of variation of output both in qualitative and quantitative terms. Construction remains primarily a localized industry. There are wide variations in the scale of firms, a large majority being small. Managements tend to be weak, and innovations, both in product and types of production, have taken place at a slower rate than in most of the economy.

The organization of production in the construction industry has often been the subject of unfavorable comparisons with the mass production industries. This comparison is not a valid one. The necessities of on-site production and the variation in design largely account for the organization of the industry and the system of division of labor practiced.

"If any of the advantages of specialization and division of labor are to be realized where the conditions under which each unit of output is produced are variable and each unit of output has distinctive features, some form of specialization which does not depend on the individual product unit's design and which is little affected by the sequence of work is required. Job specialization, i.e., operation specialization, provides a solution and means simply that a particular man or crew always performs the same set of operations with the same kind of equipment and techniques when and as that set of operations is required. The time required for the operations may vary among product units, the relation of the operations to others may be shifted, and the dimensions and placing of the materials on which the operations are performed may be different for every unit of product. The division of labor by crafts or trades and its extension to subcontract specialization by material or product component which prevails in the building industry has developed over time through application of the principle of operation specialization. Subcontracting allows the principle to be applied more effectively since it reduces dependence on the continuity of individual builders' projects.

"Pervasive operation specialization in the labor force available to the industry . . . not only makes adjustment to product variations easy, it also greatly facilitates changing the level and composition of output rapidly. If the builder wishes to take on more work, he can expand his labor force with fair assurance that the new men already know their jobs, can be fitted into the organization without difficulty, and can function effectively with few instructions and minimum supervision. . . . Reduction of activity need not destroy the organization's future effectiveness."²

² Jack D. Rogers, *Flexibility in the Housebuilding Industry: the San Francisco Bay Area Case*, (Ph.D. dissertation, Massachusetts Institute of Technology, 1953), pp. 522-23.

The craft union structure of the building trades is a counterpart to the operation specialization system. In this country as well as in many abroad, each group of specialists tended to form individual unions. For many reasons, important among which is the continuation of specialization on the employer's side, the maintenance of separate labor organizations has continued. There is not, however, a one-to-one relationship between specialization, crafts and employer groups. Many unions contain separate crafts, and many employers deal with several different unions.

The Structure of the Construction Industry

The significance of the relationships between unions and employers cannot be usefully examined without some understanding of the variety of industrial organizations within the construction industry. Until recently the main factual knowledge concerning the construction industry was the realization of its diversity. Since 1950, however, several surveys have been conducted at the University of California which make it possible to approximate the structure of the industry for the San Francisco metropolitan area in particular, and in general to make some re-evaluation of the construction industry in the United States.⁸

The 46 counties of Northern California had in 1950 approximately 12,000 construction firms employing at least one person (see Table 1). This is not the complete story, however. Construction work was also performed by an additional two to three thousand firms consisting entirely of own-account workers without any employees, and by firms outside the industry who did their own work by hiring construction employees directly.

The fact that these 12,000 firms are widely different both in size and type has been a most important factor in shaping collective bargaining in the field. Some idea of the relationships which exist can be gained from Table 2, which is based on the 6-county San Francisco area rather than the 46 of Northern California. From this it is seen that the typical identification of the construction industry with small scale operations involving many firms is only partly true. While there were more than 5,000 firms with employees in

⁸ Complete data on the housebuilding industry are available in S. J. Maisel, *Housebuilding in Transition* (Berkeley: University of California Press, 1953). The data on other types of contractors are approximate estimates based on surveys of building permits and of construction contracts awarded in 1950.

CONSTRUCTION INDUSTRY

the San Francisco area in 1950 and nearly 90 per cent of these were small, the bulk of the workers were hired by the medium-sized (25-99 employees) and large (over 100 employees) firms. The concentration of certain types of work and employment into stronger hands has had an important influence on determining the different contractor groups involved in the collective bargaining structure. The industry is actually divided into at least five different types of

TABLE 1
NORTHERN CALIFORNIA CONSTRUCTION INDUSTRY
Number of Firms, Number of Workers, and Volume, By Type of Firm
46 Northern California Counties, 1950

	Firms employing at least one worker		Workers employed		Per cent of volume
	Number	Per cent	Number	Per cent	
Housebuilders.....	3,084	26	24,893	25	24
Building contractors, other than houses.....	1,590	14	12,300	13	13
Other general contractors (mainly heavy and highway construction).....	940	8	22,484	23	22
Specialty contractors.....	6,193	52	38,569	39	41
Total.....	11,807	100	98,246	100	100

SOURCE: Total of firms and employees based on average for year from *California Payrolls and Employment*, State Department of Employment. Distribution of firms and workers by type based on a special survey for this report.

market for bargaining purposes, and a knowledge of this interrelationship is necessary for an understanding of what is occurring.

The most important role in labor relations in recent years has been played by the large and medium-sized general contractors, who perform the bulk of the non-residential building, the heavy, and the highway construction (see Table 2 where separate data are given for the two main divisions of general contractors, i.e., building and heavy construction general contractors). These contractors are primarily members of the Central and Northern California chapters of the Associated General Contractors. These two chapters in 1950 had a membership of 400 and were the main influence in determining the labor policy of general contractors in Northern California.

There are several dozen large contractors in the area whose annual volume of business is between one and ten million dollars, and whose employees number between a hundred and a thousand. In addition, several of the largest national firms, with annual volumes of over \$50 million, do work in the area, and they too are represented by the AGC. The importance of the large general contractor group is indicated by Table 2 which shows that the relatively few firms with over 100 employees employed more than half of the labor force working for general contractors, while firms with 25 or more workers accounted for nearly 85 per cent of the total. These medium and large contractors primarily belonging to the Associated General Contractors have been the main employer group responsible for the formation of the regional bargaining system employed in northern California construction.

The change in the structure of the housing industry in the post-war years has resulted in a second important force in the labor market in the form of associations of housebuilders. Tables 1 and 2 show that housebuilders employ nearly one-quarter of Bay Area construction workers. The bulk of their labor force is carpenters, and they are the primary employers of carpenters in the area. The degree of concentration of housebuilding has been increasing during the war and post-war period, but it still remains somewhat lower than for general contractors. Large housebuilders (less than 2 per cent of housebuilding firms) employed 31 per cent of the housebuilding labor force, while all firms employing 25 or more workers (7 per cent of firms) accounted for 55 per cent of the total. Structural changes have brought into prominence the operative or merchant housebuilder who, in contrast to the usual contractor building on contract, produces a finished house for sale on the market. This new situation has naturally brought new problems to the industry and changed some of the economic conditions of collective bargaining. Most of the large and many of the medium firms are represented for collective bargaining by the Associated Homebuilders. These associations, however, are concerned mainly with the urban and metropolitan area agreements rather than with the regional ones.

A third group of contractors is represented for bargaining purposes by the smaller general contracting associations in individual

TABLE 2
DISTRIBUTION OF CONSTRUCTION LABOR FORCE, BY SIZE AND TYPE OF FIRM
SAN FRANCISCO-OAKLAND METROPOLITAN AREA, 1950
Firm Size Based on Average Number of Employees

Type of contractor	Number of firms by number of employees				Number of employees in firms in size group				Per cent of employees in firms in size group			
	1-4	5-24	25-99	100+	1-4	5-24	25-99	100+	1-4	5-24	25-99	100+
Housebuilder	700	550	75	20	1,500	3,620	2,800	3,530	14	31	24	31
General building contractors	361	220	90	25	800	1,450	2,700	4,500	8	15	29	48
Heavy contractors	78	100	50	15	250	1,000	3,350	7,600	2	8	28	62
Specialty contractors	1,540	945	270	25	2,900	8,750	9,700	2,800	12	36	40	12
Total	2,679	1,815	485	85	5,450	14,820	18,550	18,430	10	26	32	32

SOURCE: Total of firms and employees based on average for year from *California Payrolls and Employment*, State Department of Employment. Distribution of firms and workers by type based on a special survey for this report.

areas.⁴ These dozen or more associations represent some of the smaller and medium-sized general contractors and homebuilders. These firms fit more closely the typical concept of builders held by the public. They obtain their jobs on a very competitive basis from all types of owners. Competition is more intense because entry to this class is simple and rapid.

These three different groups join together in bargaining in many contracts, even though the differences in their goals and strengths at times lead to difficulties in formulating policies. As an example of how bargaining takes place in a more limited geographical area, one may examine the contract for carpenters in four San Francisco Bay counties. This area is covered by the Bay Counties' District Council of Carpenters. In recent years, this District has bargained with a multi-association group of eight employer associations. Each of the eight had a vote based on its relative importance in the group in determining negotiating committee policies. The organizations included were two chapters of the Associated General Contractors, two of the Associated Homebuilders, and four separate general contractors groups.⁵ In the

⁴ The following contractor associations, for example, were signatory to the Northern California Agreement between the Northern California District Council of Hod Carriers, Building and Construction Laborers, and Northern California and Central California Chapters of the Associated General Contractors of America, Inc.

General Contractors Association of Stanislaus County
Salinas Independent Contractors Club
Associated General Contractors of Santa Clara County
Associated Builders of Vallejo and Solano County
Associated Home Builders of the Greater East Bay, Inc.
General Building Contractors Association of San Francisco
General Contractors Association of Contra Costa County, Inc.
General Contractors Association of Sacramento, Inc.
Associated Home Builders of Sacramento, Inc.
Peninsula General Contractors and Builders Association
General Contractors and Builders Association of the East Bay
Redwood District Contractors Association, Inc.
Associated Home Builders of San Francisco
Marin Builders Association
Northern California Chapter, Associated General Contractors
Central California Chapter, Associated General Contractors

⁵ The following eight contractor associations jointly negotiated the 1952 Agreement with the Bay Counties District Council of Carpenters.

Central California Chapter of the Associated General Contractors
Northern California Chapter of the Associated General Contractors
Associated Home Builders of San Francisco, Inc.
General Contractors and Builders Association of the East Bay
General Building Contractors Association of San Francisco
Associated Home Builders of the Greater East Bay, Inc.

larger regional bargaining area of Northern California, a less formal employer association representation system is employed. The Associated General Contractor chapters are the initiating employer group and the two other segments of the industry mentioned join in signing the contract.

The fourth group of firms is by far the most important numerically, although not in terms of the number of employees. It consists of the bulk of small and medium contractor firms plus a few large ones that are not members of any employer groups. Such firms are in the majority among all types of builders as well as in most of the specialty trades. In most cases these firms operate under conditions set by the standard union contracts, but take no formal part in bargaining. In these firms, the owner normally works as a foreman or mechanic, with none or, at most, several fellow workers. He may feel far more strongly identified with the union than with the employer groups. His own wages may be increased more by a rise in union rates than his profits will be cut by any additional payments to others. The fact that he is very likely to be working as a mechanic for others from time to time in the future strengthens his feeling of kinship to the employees. This large group of firms greatly weakens employer unity in any negotiations. It is recognized that in the case of any disagreement these firms are likely to come to terms with the unions independently of other employers.

The final group of firms is actually more diverse than all the previous ones. Table 1 shows that specialty contractors formed the largest group and that they performed more work than any of the others. This large volume, however, is due primarily to their numbers since they were smaller than other contractors, averaging only six workers per firm. Use of this number and average may be misleading, moreover. The specialty group included more than 26 separate and distinct types of contractors. The relationships between different specialty groups were slight. The fact that specialty contractors are given a single title and line on most statistical tables is not sufficient reason for considering them as an analytical unit.

The largest single group of specialty contractors—the painters—included about one-third of all specialty firms and hired about

a fifth of the employees. Thus, in numbers of firms they were the second largest group, exceeded only by the housebuilders, but in employees they fell considerably below both types of general contractors. The second largest group of specialty contractors was the plumbers, who employed approximately as many men as the painters. A ranking of the number of firms and employees in each of the other specialties shows a continuous diminution, until in the smallest one finds only a handful of contractors.

Another factor distinguishes the specialty contractors: Most of their work is done on sub-contracts rather than on primary bids—but this will vary depending on the type of work they perform. We can estimate roughly that the group as a whole did a third of their volume on maintenance and repairs, about 45 per cent on new housing, and the remainder on other new construction. Specific specialties and particular firms vary widely from this typical distribution. Some specialties concentrate nearly all of their effort in one or the other fields and the same is true of individual firms.

There is actually a great deal of diversity in size, as in all other aspects of the group. Firms which handle sub-contracts on the large projects are likely to be large themselves. In structural ironwork, for instance, most of the business is done by a few large firms. In plumbing, electrical, and concrete, there are also large firms, but none compares in size with the largest builders, and their share of the markets even in their own specialty tends to be smaller than for builders.

In addition to the limited size of firms, another characteristic of the specialty contractors which diminishes their interest in regional collective bargaining is the smaller proportion of work they perform outside their home city. Cooperation among contractors of a particular specialty trade to standardize labor conditions in Northern California is fairly frequent, but they do not jointly negotiate master regional agreements except in the cases which will be noted. A number of specialty trades have well established national and state organizations, but their local chapters confine their activities to one or several counties. The result is that each year in Northern California, in contrast to the basic trades, several hundred separate collective bargaining negotiations are required in the specialty trades.

The relationships between employer groups and the unions in most of the specialty trades tends to be much closer than between the unions and the builders. In many cases this is due to the small number and the small size of the employers and to the fact that they are either present, past, or potentially future members of the unions and employee groups themselves. In other cases, there is a strong identification of common interest between the union and employers, particularly vis-a-vis the remainder of the industry and the public.

This review of the five different types of markets involved in collective bargaining also indicates the competitive structure of the industry which conditions the economic framework in which labor relations must operate. There are a relatively large number of firms selling construction services in each of the markets, entry of new firms occurs easily into most, and movements of firms into larger size groups is frequent. Firms of all sizes can compete because of the diversity of projects in size and area. Risk is avoided in a fluctuating market through flexible organization provided by specialization of firms in a particular set of skills. Integration of functions and an increase in size of firms has not yet led to large economies of scale in most of the construction industry. Consequently, concentration has remained relatively small judged by standards applicable to manufacturing industry. A further competitive factor is introduced through the price making system employed. Although superseded in some parts of construction by direct relations between general contractors and subcontractors, or contractors and awarding agencies, the system of competitive bidding for contracts is practiced throughout most of the five markets.

The Construction Unions

Long existence has made the building trades unions a familiar and established institution in most of the construction markets throughout the United States. As one of the strongholds of early trade unionism in the United States, these unions once received considerable attention in the literature of labor economics. After the mid 1930's interest quite normally shifted to the industries experiencing collective bargaining for the first time, with the result that little concern has been focused on construction labor in recent

years. Because construction occurs primarily as an urban and local event, its total importance may be overlooked.

In the aggregate the 19 separate unions affiliated with the Building and Construction Trades Department of the A.F.L. form the largest single industry group in the country. The total membership in all types of employment of these 19 national and international unions is estimated to be in excess of three and one-half million. Included in this figure, however, are those members of construction unions employed in other industries. Actually, over 2,800,000 workers are employed at the site of construction projects during the active months of the year and since construction is not completely unionized the remaining members are either in Canadian locals or are employed outside the industry. This latter situation is particularly true of the teamsters union which has a membership of over a million workers with only a fraction of that membership employed in construction.

The affiliates of the Building and Construction Trades Department include unions ranging from powerful to small. Aside from the teamsters, the largest organization is the carpenters with a membership of over 750,000; electrical workers follow with 500,000; the hod carriers and laborers with 386,000; painters with 208,000; plumbers and pipefitters with 201,000; and operating engineers with 187,000.⁹ (See footnote for the full designation and

⁹ *Construction During Five Decades*, U. S. Bureau of Labor Statistics, Bulletin 1146, Table 53, p. 71. The complete designations of the 19 building trades unions and their total membership in 1951 are as follows:

Total membership of affiliated unions.....	3,732,422
1. Asbestos Workers, International Association of Heat and Frost Insulators	6,000
2. Boilermakers, Iron Ship Builders and Helpers of America, International Brotherhood of.....	150,000
3. Bricklayers, Masons and Plasterers, International Union of America	100,000
4. Bridge, Structural and Ornamental Iron Workers, International Association of	125,000
5. Carpenters and Joiners of America, United Brotherhood of.....	750,000
6. Electrical Workers, International Brotherhood of.....	500,000
7. Elevator Constructors, International Union of.....	10,000
8. Engineers International Association of America, The.....	187,180
9. Granite Cutters' International Association of America, The.....	4,000
10. Hod Carriers, Building and Common Laborers Union of America, International	386,000
11. Lathers, International Union of Wood, Wire and Metal.....	15,000
12. Marble, Slate and Stone Polishers, Rubbers and Sawyers, Tile and Marble Setters' Helpers and Terrazzo Helpers, International Association of	5,500

membership of each of the 19 unions.) A number of the national unions are relatively small organizations, for nine unions had less than 40,000 members and some of these had considerably less than that.

A pattern similar to the national distribution of union membership is repeated for the building trade unions in California. On a state level, union locals in the construction industry comprised the largest block of union members of any industry group with over 285,000 members in 1953. Over one-sixth of all union members in the State belonged to building trade locals. More than half of this membership was in locals in the two largest metropolitan centers of Los Angeles County and the San Francisco Bay Area. Union membership was distributed among approximately 500 separate locals and although small locals predominated, the great majority of the workers were in locals with a membership exceeding 500 persons.⁷

The Organization of Collective Bargaining

The outstanding feature of the collective bargaining experience in Northern California since 1940 has been the extensive regional system evolved in certain of the trades. This new system is a departure from the more typical urban or metropolitan bargaining systems. One important achievement of this new method appears to be a closer approximation to equality of bargaining power between unions and general contractors than at any time in the history of Northern California construction. In itself this bargaining equality is an important factor in obtaining stable industrial relations. Further, in a genuine bargaining situation with relative equality, some of the disadvantages of the unions' close relation-

13. Painters, Decorators, and Paperhangers of America, Brotherhood of	208,189
14. Plasterers' and Cement Finishers' International Association of the U. S. and Canada, Operative.....	37,300
15. Plumbing and Pipe Fitting Industry of the U. S. and Canada, United Association of Journeymen and Apprentices of the.....	201,343
16. Roofers, Damp and Waterproof Workers' Association, United Slate and Composition	13,000
17. Sheet Metal Workers' International Association.....	32,000
18. Stone Cutters' Association of North America, Journeymen.....	1,900
19. Teamsters, Chauffeurs, Warehousemen and Helpers of America, International Brotherhood of.....	1,000,000

⁷ *Union Labor in California*, California Department of Industrial Relations, Division of Labor Statistics and Research, 1949 and 1953.

ship to the industry are diminished. Equally important is the fact that the regional system of bargaining stabilizes construction operations over a very large geographical area. Since many of the larger general contractors engage in construction throughout Northern California, one master contract with each of the unions concerned reduces uncertainty for the period of the contract and facilitates competitive bidding over the whole area covered. In the trades using it, the regional system has meant the establishment of a single bargaining unit (with one exception) and a uniformity of wage scales and working conditions.

Under the current system, the State of California is divided into the 46 northern counties centered in San Francisco, and the 12 southern counties centered in Los Angeles.⁸ Both union and contractor organizations generally separate their activities between these two bargaining areas. Over 100,000 construction workers and approximately 12,000 contractor employers are currently involved in the Northern California bargaining systems.⁹ The workers—divided into 27 separate crafts plus laborers and helpers—are represented by the 19 A. F. of L. national or international building trades unions with several hundred locals in the area. Most of the different types of specialty contractors have formed associations which include contract negotiations with one or several of these locals as one of their functions.

The regional system is used by all five of the basic trades—the carpenters, construction laborers, operating engineers, cement masons, and construction teamsters—which are most frequently employed by the general contractor and the operative housebuilder.¹⁰ The carpenters and laborers are the two largest building trade unions. One master contract, which covers all 46 counties of Northern California, is negotiated by the Associated General Contractors,

⁸ For a description of construction bargaining in the 12 counties of Southern California, see Frank C. Pierson, "Building-Trades Bargaining Plan in Southern California," *Monthly Labor Review* (January, 1950), pp. 14-18.

⁹ *California Employment and Payrolls, 1950*, California Department of Employment, computed from County Tables 1-25.

¹⁰ The complete designations of these five unions are:

United Brotherhood of Carpenters and Joiners of America, AFL

International Hod Carriers, Building and Common Laborers Union of America, AFL

Operative Plasterers' and Cement Masons' International Association, AFL

International Union of Operating Engineers, AFL

International Brotherhood of Teamsters, Chauffeurs, Warehousemen, and Helpers of America, AFL

with each of the unions in the basic trades, excepting the carpenters. A carpenter contract covering 42 counties is also negotiated with the Associated General Contractors, but as noted previously, four Bay Area counties are covered by a strong metropolitan District Council of Carpenters which maintains its identity as a separate unit.

The region-wide bargaining of the basic trades has been accomplished on the part of the unions through the use of various types of organizational structure. One local of the Operating Engineers has jurisdiction over the entire 46 counties and it was the first basic trade to sign a master agreement with the Associated General Contractors. One District Council of Plasterers and Cement Masons represents all local unions of Cement Masons in contract negotiations in Northern California. Similarly a District Council of Building and Construction Laborers represents all locals of construction laborers in the 46 counties. Construction teamsters locals are represented through the Heavy Highway, Building and Construction Teamsters' Committee for Northern California. The Bay Counties District Council of Carpenters has jurisdiction over four Bay Area counties, and the Carpenters in the remaining 42 counties are represented by a committee brought together by the International Brotherhood which includes nine District Councils and a number of local unions without District Council affiliations.

Some other regional agreements also exist. The Piledrivers, an affiliate of the Brotherhood of Carpenters, negotiate a single uniform 46-county agreement with the Piledriving and Contractors Association and the two chapters of the Associated General Contractors. Since industrial pipe work is frequently done by general contractors engaging in the construction of oil refineries and chemical plants, several employers' groups representing both the general contractors and specialty contractors negotiated a 46-county agreement with the Northern California Council of local steamfitters' and plumbers' unions.

Since 1938 the Structural Ironworkers' Union locals have also conducted their negotiations on a 46-county basis. In some regions they are considered one of the basic trades, but in this area the Ironworkers Employers Association of Northern California, a specialty group of employers, negotiated with the Ironworkers' District Council to determine uniform conditions for the whole area.

For most of the specialty trades, on the other hand, collective bargaining is restricted to separate negotiations, involving one or a few counties, between a local union and a single contractor association. In these trades, there is a complicated craft union structure paralleling the organization of the specialty contractors. Seventeen of the 19 national unions have jurisdiction over the specialty trades, and within their jurisdictions are approximately 23 journeyman crafts plus additional helpers and hodcarriers. As a result, each locality may have from 20 to 30 separate local unions depending partly on the size of the construction labor force of a community. Since there are so many crafts, the membership of locals is necessarily small in most cases. Collective bargaining is conducted by craft rather than by union, and one union frequently has jurisdiction over more than one craft or type of worker. For example, both cement masons and plasterers are members of the same international union, yet bargain with different groups of employers, since the former are customarily employed by the general contractors while plasterers are hired by a specialty contractor. Similarly, the construction laborers, who bargain with the general contractors, are part of the same international union as the hodcarriers, who bargain with specialty contractors in the masonry trades.

While specialty trades unions generally have resisted the master agreement contract, in some the question of the merits of local versus regional bargaining is unsettled. District councils and other means of cooperative action do exist among the specialty trades unions, but they have not been widely used for bargaining purposes. However, in the metropolitan San Francisco Bay Area, the Painters and the Hodcarriers conduct negotiations on a multi-county basis. Six chapters of the Painting and Decorating Contractors of America negotiate a uniform six-county contract with three District Councils and four local unions of the Painters' union. The Masons' Hodcarriers in four Bay Area local unions have formed a Conference to establish a uniform agreement with the Mason and Builders Association of California.

Even without single bargains, fairly uniform wage rates have been negotiated in the post-war period throughout the 46 counties in such cases as the electrical, painting, plumbing and heating, and roofing trades. In the other specialty crafts, the strong influence of

the Bay Area unions on the pattern of wage scales in the remaining Northern California counties appears to have reduced the differentials between counties also. The bargaining arrangements discussed above may be seen more clearly in Table 3.

Where the 46-county system has been set up, there appears to have been some shifting of strength between the unions and employers. The metropolitan area of the San Francisco Bay has been

TABLE 3
SUMMARY OF BARGAINING SYSTEMS IN
NORTHERN CALIFORNIA CONSTRUCTION INDUSTRY

Regional 46-County System

- A. Single Contract
 - Four Basic Trades:
 - Construction Laborers
 - Operating Engineers
 - Cement Masons
 - Construction Teamsters
 - Two Related Trades:
 - Pile Drivers
 - Structural Iron Workers
- B. A Bay Area Contract plus a 42-County Contract
 - One Basic Trade:
 - Carpenters

Local City and County Agreements

- A. A Single Bay Area Contract with others on a locality basis.
 - Two Specialty Trades:
 - Painters
 - Masons' Hod Carriers
- B. Primarily Local
 - Nineteen Specialty Trades

the center of union strength. Within the heavily populated cities and counties of the Bay Area, a high degree of employer unity would be needed to match the highly successful building trades councils organizations developed by the unions. Since this employer unity does not exist, this matching is accomplished instead through regional bargaining which ties the metropolitan center of power of the building trades unions to the less organized outlying areas. This appears to diffuse the strength of the center and improve the position of the outlying areas. With a reduction in the strength of the union center, the position of the contractor has improved.

The use of a regional system has also shifted somewhat the influence of the building trades councils. As a group, the specialty trades are more closely related to the county building trades councils than are the basic trades. The councils continue in the specialty trades to play an important part in influencing and coordinating the economic policies of affiliated unions, in sanctioning or denying sanction of strike action, and in representing the general interest of construction labor in their area of jurisdiction. In the case of some of the smaller craft unions, officers of the building trades council may assist the local in the conduct of negotiations.

The five international unions in the basic trades operate independently in negotiations, without formal inter-union machinery. But in fact they are closely linked through common affiliations with the A. F. of L., the Building and Construction Trades Department, the California Building and Construction Trades Council, and a network of affiliations of locals with the various county building trades councils in Northern California. On a regional level this inter-locking network of affiliations provides a basis for some agreement on common problems. It is difficult for any one union to follow a strictly independent policy. Since these crafts work on the job together or in related sequence, and often for the same general contractor, their interests are basically similar. Disturbance of accepted wage differentials between the crafts by entirely independent action would be regarded with some hostility by the other unions. Expiration dates of the negotiated contracts fall in the spring of the year, and provisions for two to three months notice of contract modifications mean in effect that negotiations for the basic trades all occur within the same period. If one of the unions takes strike action prior to the other unions' expiration dates, a sympathetic strike would be in violation of their contracts, but regardless of this, since the building trades unions would not cross picket lines of another craft in a sanctioned strike, the whole industry can be brought to a halt. For this system of cooperation to be effective, the objective of a particular international union must have the support of the other crafts, and this obviously gives the strike sanction great importance. One of the important functions of the county building trades councils has been to control the use of strike action within their jurisdiction. A policy which was not in harmony with

the interests of the affiliated locals would not receive the support of the particular building trades council.

HISTORY OF INDUSTRIAL RELATIONS IN NORTHERN CALIFORNIA CONSTRUCTION

The building trades in Northern California have had a long history of union organization. This century of experience, beginning in San Francisco in 1849, portrays the development, after two outstanding episodes of failures, of a successful system of industrial relations. The main concern of the brief review of labor relations undertaken in this section is to show, to the exclusion of many other aspects, the importance of stabilization techniques in the absence of established collective bargaining, and to account for the delay in achieving collective bargaining. In the four decades preceding 1935, both the unions and the employers attempted to control San Francisco construction on a unilateral basis. Considering the many years of union organization, adequate collective bargaining was long delayed and did not develop until the mid-1930's.

The history of industrial relations can be usefully summarized by distinguishing four separate periods. The discussion is primarily concerned with San Francisco, the center of building trades unionism in California in the earlier years.

The first period of 1869 to 1896 has been identified as an era of unregulated competition in the building industry, which was injurious to employers, workers, and the public.¹¹ Efficient and scrupulous employers were penalized by the inefficient and unscrupulous. Working conditions and wages were unfavorable and hours were long, while constant strife between employers and workers contributed to higher construction costs to the public.

"The most notable event of the period was the searching by the workers for a way to introduce uniform rules into the market. All efforts to form a central labor body for the building crafts had failed, and yet the tendency was clearly in that direction. It was noteworthy, also, that the employers were slowly building up defences, in the form of associations, against the rigors of competition."¹²

¹¹ Frederick L. Ryan, *Industrial Relations in the San Francisco Building Trades*, (2nd ed., revised, University of Oklahoma Press, 1936), p. 25. The summary of early labor history in San Francisco construction follows, in the main, the account given in this reference.

¹² *Loc. cit.*, p. 25.

Union Dominance and Stabilization, 1896-1921

The formation of the Building Trades Council of San Francisco in 1896 marks the beginning of the second period.¹³ This Council became one of the most powerful central labor organizations in the nation. Until the establishment of the open shop American Plan in San Francisco in 1921, the Council successfully imposed its will upon the building industry. It was during this period that building trades labor built their organizations in California construction. The San Francisco Council assisted in the organization of similar building trades councils in the San Francisco Bay Area, was the model for the county building trades council system in California, and from this system the State Building Trades Council of California developed.

In contrast, the employers during most of this period had no continuous central organization concerned with labor relations. The contractor associations which existed offered little effective opposition, and were incapable of presenting a united front to organized labor. Under the leadership of P. H. McCarthy, who was annually chosen president from 1898 to 1922, the Building Trades Council was able to impose an autocratic rule over affiliated crafts. Although the parent national organization of the craft locals placed limits on the power of the Council to interfere, in practice, craft autonomy was virtually suspended by Council control. Various techniques were used to enforce discipline upon the subordinate local unions. In one case, for example, the Council successfully organized a dual union among the electrical workers, who had struck for higher wages against the orders of the Council.¹⁴ Delegates elected by the union to the Council were arbitrarily refused seats if they were unsatisfactory to the Council. Maintenance of a number of small unions without affiliation to national unions insured more complete Council control.

Centralization of union policies was increased through Council control over business agents.

"In 1904, the practice arose of requiring the unions to submit the name of their choice for business agent to the Council for approval. If the Council did not approve, the union was required to elect another. In

¹³ *Ibid.*, p. 26.

¹⁴ Selig Perlman and Philip Taft, *History of Labor in the United States, 1896-1932* (Vol. IV, Labor Movements, New York: MacMillan Co., 1935), p. 80.

time, the business agents for the Council became the acknowledged agents for negotiations with the employers, the business agents for the unions acting more as 'observers' reporting infractions of the trade rules to the business agents for the Council.

"... these strict rules concerning the choice and activities of business agents was one reason sympathetic strikes, 'strike insurance,' and 'graft,' so common in New York and Chicago, never gained a foothold in San Francisco."¹⁵

The result of these and other coercive techniques and controls was that one agency of great power, the San Francisco Building Trades Council, presented a single and disciplined organization, which successfully regulated important aspects of the industry. Through the use in part of the working card system, the Council enforced a closed shop, established the eight-hour day and high wage rates for all crafts, and secured extensive job control through working rules. Reflecting the attitude of the employers was the fact that San Francisco's superior conditions were won largely without recourse to strikes. But neither were they obtained through what is generally understood to be collective bargaining, for during the McCarthy period bargaining was collective only on the part of the workers and primarily individual on the part of the many employers.¹⁶ If the employers' associations did meet with the officers of the Council, it was only to raise objections to the position the Council had already taken. In a frequently quoted phrase, P. H. McCarthy testified to the United States Industrial Relations Commission in 1914 that:

"We do not believe in those signed agreements that have possession of you gentlemen. We believe they are contrary to certain conditions within the confines of this country. They create trouble about the time of the expiration of the agreement. Everybody knows they do.

"Time limits are very dangerous. Time limits act as incentives to both parties to make certain demands.

"We will not sign time agreements, and we believe that time agreements are vicious and we are not engaging in anything that is vicious."¹⁷

The basis of union strength in the building trades was actually closely interwoven with the development and growth of California

¹⁵ F. L. Ryan, *op. cit.*, p. 56.

¹⁶ William Haber, *Industrial Relations in the Building Industry* (Cambridge: Harvard University Press, 1930), p. 407.

¹⁷ *Final Report*, United States Commission on Industrial Relations, Vol. VI, 1914, pp. 5211-5212.

and the city of San Francisco. Union dominance after the turn of the century can be attributed, in part, to the rapid increase in population and the consequent demand for construction. Many other American cities showed a somewhat similar increase in building trades union strength accompanying their rapid growth in the early 1900's. Destruction of shelter and buildings from the San Francisco earthquake in 1906 added an additional demand factor, giving the building trades union in this area an even stronger position.

A further important reason for union success was the employers' slowness to establish effective counter organization. Such organization was delayed by policies of the Building Trades Council which operated, in some cases, in favor of the contractors. Concerning industrial relations in this period, Ryan states, "... probably the principal factor in the determination of these relations was the monopolistic agreement made between the Building Trades Council and the Mill Owners Association in 1901."¹⁸ This agreement, renewed continuously for many years, was an important example of the collusive system which has been described as a "... labor barony, with the employer given protection on the condition of good behavior."¹⁹ Competition from mills outside of San Francisco was eliminated by the condition that the affiliates of the Council would refuse to handle any material coming from a mill with less favorable conditions. Few other areas could, in fact, equal San Francisco conditions. The exclusive agreement, the basis of the closed shop in this period, was widely practiced.²⁰ These understandings existed even though actually opposed to the official policy of the Building Trades Council. They restrained competition by providing that members of a union would work only for members of a particular employers' association and obviously benefited certain established local contractors.

In addition to acceptance of the Building Trades Council's rule by the contractors in some trades who gained protection from competition, the Council was also recognized as an agency which brought some degree of certainty and stability to the industry. For example, Council policy required that prior notification of about

¹⁸ F. L. Ryan, *op. cit.*, p. 131.

¹⁹ Perlman and Taft, *op. cit.*, p. 78.

²⁰ F. L. Ryan, *op. cit.*, p. 115.

three months be given to contractors regarding wage and hour changes. Once wages and other conditions were established they applied uniformly to all contractors, and competition founded on differences in wages and conditions was eliminated. In addition, the closed shop, among other results, established the unions as the source of skilled labor. Jurisdictional disputes resulting in work stoppages were controlled by the Council, and, therefore, interrupted construction work infrequently. In short, the unions exerted stabilizing influences, which were noted earlier as a distinguishing feature of the building trade unions. The Building Trades Council, in fact, "... claimed to represent not merely the workers, but all individuals and parties with an interest in the building industry. It particularly sought to impress upon the public the fact that the Council existed to encourage and improve the industry, not to destroy it."²¹

The American Plan and Employer Stabilization, 1921-1935

The period of union control of almost a quarter of a century developed under special conditions of expansion and growth in an area somewhat remote from a skilled supply of competing labor. The contractors, as a group, appeared content for some time to accept union control over most personnel decisions, as well as other aspects of the industry. The unions performed useful functions in the regulation of certain standards of competition, establishment of industrial peace and stability, and gave assurance that change would be orderly. At the same time, the structure was founded, in part, on collusive agreements of benefit to some contractor groups.

A third period from 1921 to 1935 brought a remarkable reversal in power. The Building Trades Council and union control were completely displaced by the open shop American Plan era.²²

²¹ *Ibid.*, p. 117.

²² The summary of the operation of the American Plan in San Francisco has relied upon the following sources in addition to interviews with union and contractor association officers:

F. L. Ryan, *op. cit.*, pp. 165-203.

Haber, *op. cit.*, pp. 409-441.

Employer's Associations and Collective Bargaining in California, Part II, Senate Committee on Education and Labor, 77th Congress, 2nd Session, Report No. 1150, Part 2, 1942, pp. 79-98.

Hearings on S 266, Industrial Association of San Francisco, Senate Sub-Committee on Education and Labor, San Francisco, Part 60, 74th Congress, pp. 21943-21973.

The occasion for the introduction of the American Plan appeared to have centered around the reduction in construction activity, which confronted the contractors for a short time after World War I. With construction activity lagging and wage demands increasing with every rise in the cost of living, the contractors reacted with resistance to wage increases and criticism of the unions' control and work rules. By 1920, the Builders' Exchange, which had previously been a trade organization, assumed the functions of a central body of the employer association members. At the same time, the Exchange opened its membership to material supply houses and manufacturers of building materials. In retrospect, the Builders' Exchange might have become a permanent central bargaining organization of the contractors, for this was obviously needed. Instead, it became engulfed in the operation of an open shop drive, which was sponsored by interests quite remote from the construction industry. It appears that the building trades were diverted from a course of collective bargaining for a period of almost fifteen years by the activities of the American Plan.

The immediate circumstances of the introduction of the American Plan were the rejection by the Building Trades Council of an arbitration board award in 1921, which had lowered wages for most crafts. Declaring that the board had exceeded its authority, the Council took strike action. The San Francisco Chamber of Commerce pledged support to the contractors' Builders' Exchange, and threatened an open shop drive unless the Council accepted the award. But the unions delayed too long, for although the Council finally agreed to abide by the award, the Builders' Exchange already had begun to put the principles of the Plan into operation. To enforce the Plan in the building trades and to promote its adoption elsewhere, the Industrial Association of San Francisco was formed, with the support and substantial financing of part of the general business community. The Association successfully introduced a system under which uncooperative contractors, of whom there were a great many, were brought into line. Among the more important methods used to prevent contractor dealing with the unions were the reimbursement for losses incurred in strikes, and refusal of contractor access to building materials unless a permit was supplied by the Industrial Association. Workers were imported from other areas to act as strike-breakers.

The Association took the position that it was acting in the public interest, and that its policy was to maintain a balance of power between unions and employers. At the same time, however, it held that collective bargaining between contractors and unions was against the public interest. The Association did not directly attack the unions as such, but directed its public policy toward practices of the unions it regarded as untenable, such as the closed shop, inefficiency, collusive agreements, and suspension of management rights. The American Plan succeeded in displacing union power in practically all areas organized in California by the building trades unions. A notable exception was San Mateo County, bordering on the San Francisco Bay, where the unions were able to establish their own sources of building materials. Even though the construction industry enjoyed a building boom in the mid-1920's, the unions were unable to defeat the Industrial Association. With the advent of the depression in the early 1930's, the building trades were among those most severely affected by unemployment, and the unions were in no position to rebuild or even maintain their organizations.

With the elimination of union control, the stabilizing influences and functions, which have been attributed to building trades unionism, were no longer available. It was still important to the operation of the industry that wages be fixed in advance of bidding and adhered to by all competitors within a given area. A wage enforcement agency and an employment service agency were also necessary. The Industrial Association undertook some of the functions previously performed by the unions such as the operation of a free employment service and the formal training of apprentices.

The problem of wage uniformity and wage determination was attacked through the establishment of an Impartial Wage Board, which met periodically during most of the open shop era. Under the Wage Board system, three members were appointed by the Association to conduct public hearings on wage rates. Since the unions refused to recognize the Industrial Association officially, they were not represented on the Board, and minimum rates for the different crafts were established more or less unilaterally by the employers. However, the Industrial Association asserted that it was strictly neutral as far as the determinations of the Board were concerned.

Of course, other motives for establishing the Wage Board were present beside a recognition of the industry's need for uniform and stable wage rates. The Industrial Association, apparently, was determined to appear fair and maintain a semblance of neutrality. But after labor's gains in World War I, wage deflation was another object typical of the American Plan program. Under the administration of the Wage Board, San Francisco wage rates fell considerably relative to building trade rates in comparable American cities. Still, the Wage Board was rather unique in the annals of open shop experiments and this suggests that the nature of the construction industry made such an agency peculiarly important.

One major difficulty of the Wage Board system was the lack of a completely successful method of securing contractor observance of the established minimum wage rate which the Industrial Association undertook to support. There was "... the necessity of educating and coercing employers to operate under conditions recognized as 'fair.' New York employers, for instance, favor the closed shop because 'the employers in the building industry are not educated to run their work under the open shop.'"²⁸ Without the active pressure of recognized trade unions, enforcement was difficult, and on occasions, the Industrial Association used the technique of refusing building materials to contractors who failed to pay minimum rates. Considering the warfare that had been waged against the unions, and their lack of any recognition, it is unexpected to find that the unions were permitted to strike to enforce minimum rates on several occasions.²⁹ Toward the end of the 1920's after the building boom had declined, many contractors were paying below the established scale so that even before the serious depression years others felt the need of uniform conditions.

"A careful examination of the program enforced since 1921 shows that the employers either through the Industrial Association or through their own trade associations are recognizing the value of the union devices such as standard rates and the normal day as stabilizing devices and are enforcing them without the union."³⁰ Although the attempt was clearly made to remove wages and other economic conditions from competition, under the American Plan no effective substitute for the trade unions was developed.

²⁸ Haber, *op. cit.*, p. 420.

²⁹ *Ibid.*, note 24, p. 558.

³⁰ *Loc. cit.*

Relation of the American Plan to the Construction Industry

If the building trades unions in fact contribute to the stability and successful operation of the construction industry, it is necessary to explain the sudden reversal of control in San Francisco and the subsequent fifteen years of employer domination. Contributing reasons for the reversal were the reaction to years of labor domination and internal conflict within the building trade unions. The central reason was the national campaign to establish the open shop. "The postwar drive (of the 1920's) to liquidate labor's war-time achievements was on the entire industrial front. In the highly organized trades wage deflation and weakening union control were its twin objectives."²⁶ The building trades in particular came in for attack since they represented a citadel of union strength. Moreover their practices often provided a ready target for criticism. In some large Eastern cities the attack came in the form of public or legislative investigations of graft or corruption. In San Francisco corruption was not an issue and the campaign came directly in the form of an open shop drive.

The American Plan was not indigenous to the construction industry in this area. There were few occasions prior to 1920 when contractors as a group took a strong anti-union position. The impetus came primarily from outside of construction. The predecessors of the Industrial Association can be found mainly in organizations primarily aimed at defeating the waterfront unions. The events on San Francisco's waterfront have always closely influenced labor-management relations throughout the area. The position of San Francisco as a large port, transcontinental terminus, and a shipping and processing center for a large section of the agricultural areas of the State has meant that "the decisive struggles between the unions and employers have centered upon the waterfront."²⁷ Several years before the founding of the Industrial Association, the waterfront unions had been conclusively defeated. Undoubtedly the Building Trades Council and its affiliated unions symbolized union strength and a potential threat to the advocates of the open shop.

As events unfolded, the building trades, which were not free from public criticism, provided the occasion for intervention and

²⁶ Perlman and Taft, *op. cit.*, p. 511.

²⁷ *Employer's Associations and Collective Bargaining in California, Part II*, p. 72.

the American Plan entered the industry. The open shop climate which had been generated in the previous years had probably convinced many contractors of its merits, but it seems highly doubtful that the American Plan would have survived in construction until the mid-1930's without the support of business groups which had no connection with the industry.

The activities of the Industrial Association, which brought employer power to its highest point in the history of the construction industry, at the same time reduced the strength of the contractors' own organizations. While many sections of the construction industry welcomed the American Plan, it was something apart from the industry itself. Although containing some elements which recognized that there was a public interest to be served, the Industrial Association "... has been regarded merely as a group of employers and material supply men who favored the open shop; a body representing a very narrow horizontal cleavage among the employers, and in no way entitled to represent the public."²⁸

Establishment of Collective Bargaining in 1936 and the Contemporary Period

Industrial relations founded upon collective bargaining was not established for the industry until 1936. Just prior to this fourth and contemporary period the collective bargaining provisions of the National Recovery Act assisted in establishing a number of agreements between the unions and some of the specialty contractor associations, but union agreements with the general contractors did not occur until 1936. The Bay Counties District Council of Carpenters in that year, for example, as a result of an arbitration award, entered its first agreement with the general contractors since 1920. With the introduction of legislation which made collective bargaining and union recognition a matter of public policy, the whole climate of industrial relations changed. The Industrial Association, which had continued its activities in other industries, dissolved in 1938 with the formation of the San Francisco Employers' Council, an organization functioning under entirely different principles of industrial relations. This new organization was not concerned with the construction industry, and the separate contractors' organizations assumed the responsibility of labor rela-

²⁸ F. L. Ryan, *op. cit.*, p. 172.

tions. Although labor legislation was paramount in ending the open shop period, steps to establish contractual relations were taken by both the unions and contractors. Differences in wages in this depressed period intensified the pressure of competition, while growing union strength brought work stoppages without a contractually recognized union to control them.

The latter part of the 1930's was a period of improving relations between the unions and the contractors. Just prior to World War II a new system of collective bargaining was begun with the general contractors and the basic trades employed by them which has become a main feature of contemporary labor relations.

THE COLLECTIVE BARGAINING AGREEMENTS

The stabilizing and regulatory influences performed by the building trades unions were summarized earlier under five separate functions. It is convenient to divide these functions into two main areas on the basis of implementing techniques. On the one hand the unions carry out their role through the means of collective bargaining agreements and systems. This section will discuss these. On the other hand the unions regulate and stabilize through work rules, by-laws and constitutions—only a part of which enter into collective bargaining agreements. The following section deals with these remaining types of regulation.

In construction, the conduct of collective bargaining through employer associations and the unions is the usual method. In all the trades, continued union pressure has forced many contractors to join an association. In the smaller trades in particular, the building trades councils and unions have encouraged the formation of employers associations since the policies of the unions are not aimed at obtaining maximum possible conditions in certain firms and lesser conditions in stronger firms, but rather are aimed at standard conditions within an area of jurisdiction. Such union policies are necessary to the success of unionism in any highly competitive industry, but are particularly important for the construction unions. The employment relationship of construction workers with any single contractor is generally of such a temporary nature that there is no advantage in gaining special concessions from any one contractor. In a manufacturing industry, in contrast,

a primary concern of a union may be to improve the workers conditions and security in a particular plant.

Certain policies of craft unions, particularly applicable to the building trades, can be described as attempts to administer a "communal ownership" of jobs within an industry. "The craft union asserts proprietorship on behalf of its members over the jobs falling within a carefully defined occupational and geographical area."²⁹ Under the "operation specialization" system of construction noted before, the skilled worker's occupation is unchanging regardless of employer. "... a tight tie to occupation forces a loose tie to employer, industry, and locality. Movement is primarily horizontal in the craft market. The worker gets his security not from the individual employer but from his skill, the competitive supply of which is controlled by the union; and he is known as a carpenter and not as an employee of a certain company."³⁰ Within a particular geographical area of communal ownership of jobs, the building trade unions establish equal wages and working conditions both by contract with the employer associations and through enforcement of union working rules. Uniform conditions of employment originate in the necessities of both sides of the labor market. These uniform conditions are the first type of stabilizing influence furnished by the unions.

The Influence of Uniform Wage Rates

Construction, with the exception of an important segment of the housing sector, employs a system of production by contract. Where each product and site is different, production is undertaken on a custom basis, the main features of which involve the following: Owners, either public or private, select architects to draw plans and specifications, which are submitted to general contractors for bidding. While the general contractor might undertake directly all the building operations involved, custom or the economic advantage of division of labor requires that more specialized work be subcontracted to specialty contractors. The general contractor, after calling for and selecting bids from subcontractors for certain of the specialty work, submits a total bid based on

²⁹ Clark Kerr, "The Balkanization of Labor Markets," in *Labor Mobility and Economic Opportunity*, Essays by E. Wight Bakke and others (Cambridge, Massachusetts: Technology Press; and New York: Wiley, 1954), p. 7.

³⁰ *Ibid.*, p. 9.

estimated costs which will include his direct labor and purchases plus his subcontracts.

This method of operation has convinced most firms in the industry that uniform wage rates extending throughout the local market are decidedly advantageous. Each contractor can submit only one bid, and is presumably ignorant of the bid prices submitted by others. A major factor in the cost of each competing contractor is the total amount of wages which he must pay. If all contractors know that their competitors must pay an identical wage rate, this removes one of the largest items from the sphere of competition, and does away with a major source of worry. In the absence of union interference in the labor market there would be little reason to expect that a single wage rate for a particular skill would emerge or prevail for any period of time. Consequently, contractor competition based partly on wage differentials would be more intense and more unstable, to the detriment of both the employers and the workers.

Without a uniform rate there might be a continuous pressure on the wage scale. Successful bidders would be the contractors who had best succeeded in reducing wage rates and other economic conditions of employment below those of their competitors. Actually, there appears to be a situation in construction in which the technical organization of the competitive market itself is partly responsible for exerting a downward pressure on the bids submitted by competing contractors.³¹ Many of the devices developed by contractors to regulate the market and avoid instability seem to be related to this type of pressure. Ultimately also, the contingencies of incorrect estimating, unexpected delays because of climatic conditions, unforeseen difficulties in construction, or limited cash resources might force a successful bidder to attempt wage reduction. The building trades unions are one agency capable of enforcing minimum equal standards in wage rates and other conditions of employment in a competitive area. It was noted earlier that the employers made an unsuccessful unilateral attempt during the American Plan era in San Francisco to remove wages from competition and enforce standards without the unions.

³¹ John T. Dunlop, *Wage Determination Under Trade Unions* (New York: The MacMillan Co., 1944), pp. 9, 10.

The importance of wage rates and the employers' reaction to them varies greatly with the contractors' size and type of work. For example, the bulk of the work of the large general contractors comes from either public construction or from large concerns such as public utilities or national manufacturers. For most of these jobs, demand has very little relationship to price. If a public utility needs to expand capacity, if the state needs a new highway, or a city a new sewer, even large increases in the price will not do more than delay construction temporarily. On the whole, in competing for jobs, these firms must be concerned with the relationship of their costs to other firms in the industry, but not with their general level. Attention is focused more on the uniformity rather than the height of wage rates. Firms compete for business, but at least in periods of considerable activity such as has existed since the middle 1930's, competition has not been intense. The availability of labor has been more important than its wages. This is not as true, however, of the housebuilders. These firms are primarily operative builders. They acquire the site, determine the design, invest their own funds, and assume the risk of loss if the house fails to sell. As a result they are in a difficult bargaining position. Any wage increases granted will, at least initially, come from their own profits. Only gradually will the new cost structure be reflected in their prices and loan commitments. While the degree of their price elasticity of demand is not known, it is a possible factor to consider, and many housebuilders believe that over a period of time their total sales will be hurt by price increases. On the other hand, at any given time, their outstanding commitments are likely to be large and their chances for profitable achievements are more dependent on rapid completions than on small cost increases. This means that they are relatively vulnerable to work stoppages.

To a certain extent, the small and medium contractors face a similar situation. The owners they deal with are more concerned with price and are likely to reject or delay work if costs rise too high, or else they may shop for lower bids. The largest overhead for these firms is the contractor's personal wages. This means that work stoppages are hard to endure because the builder's income stops also and his resources are usually too limited for him to last long without an income flow. In addition, the customers of these smaller firms are in the market only at long intervals and are not

concerned with the future cost level of the industry, and so are likely to bring as much pressure as possible for immediate completion.

The market position of the specialty groups runs the entire gamut from strength to weakness. Some trades must be employed on new construction at almost any price. This means that cost increases can readily be passed on to the owner. Other trades are far weaker, since they must compete for their share of the job on a price basis and may even be eliminated entirely. For example, in the Bay Area plasterers and lathers have virtually disappeared from the interior of houses, while the share of the work going to masons and tile setters has also fallen sharply. In the market for maintenance and repairs, many groups face competition from non-union shops or from the labor of property owners doing their own work. This has been particularly true in maintenance of houses. The advent of easily applied paint, wallpaper, tiles and similar materials might have been extremely serious for the trades involved if a large expansion of the total market had not occurred at the same time.

Reduction of Uncertainty Through Union Agreements

The system of bidding enables the unions to furnish a second service to the industry by reducing uncertainty over time and area. The whole process of estimating and contracting involves an operation in a futures market, where contracts are made in one period for delivery of completed projects in a future period. Unless certain costs can be assured in advance by contractual agreement, estimates of costs would have to depend upon ranges of guesses of future prices and wage rates.

Unstable wage rates would substantially increase uncertainty and prevent efficient operation of the bidding system. The negotiated trade agreements allow the industry to calculate in advance what labor costs are likely to be for a definite period of time in the future. Once these costs, which are the sum of many items besides wage rates, are known in detail, bidding can be undertaken with some confidence of what the future will hold. The unions undertake, as a responsible party, to guarantee the uninterrupted application of the negotiated conditions. As will be noted later, reduction of uncertainty through collective bargaining agreements may

involve not only an urban community, but also may involve agreements which cover half the State of California.

The importance to the employers of establishing contractual relations with the building trades unions in advance of bidding or employment of workers is evident in the contractor support of proposals to amend the bargaining representation election procedure of the Taft-Hartley Act. Under the Wagner Act, the NLRB did not establish jurisdiction over the construction industry. However, the legislative history of Taft-Hartley indicated clearly that the Board should conduct elections to establish bargaining units in construction. This meant that unless special procedures were developed the contractors and unions would be denied the right to enter a contract recognized by the Act prior to bidding and before employing a labor force. Because of the peculiarity of construction work, elections of the normal type to determine the bargaining representative have been found virtually impossible to conduct.

"If a contract can be recognized as valid only after a representation election has been held and a union certified, this would mean no contract could be made until a given project had actually started, and men had been hired and put to work by the contractor. But this would mean in view of the progression of building trades men on a job, that a representation election would have to be held every time a new craft came on the job. This becomes physically impossible in view of the time and preparation needed for holding an election, certifying a union, and establishing collective-bargaining relationship. . . . Many of the crafts would not be on even the largest job for a period of time sufficient to go through all of that preparation and enter into negotiations."⁸²

In addition, since the number of workers in each craft varies with the stage of completion of the project, it is difficult to determine at what point the election should be held.

The contractor employers in Northern California and elsewhere took the position regarding this phase of the Taft-Hartley Act, that "this inability to find ways and means of holding elections has deprived the construction employer and those unions with whom he deals of many of the privileges and protections from hazards of the law which they otherwise would have."⁸³ Construc-

⁸² *Hearings on S 1973, loc. cit.*, p. 33, statement of Mr. Richard Grey, President, Building and Construction Trades Department, AFL.

⁸³ *Ibid.*, p. 34, brief filed with NLRB and signed by Mr. J. D. Marshall, assistant managing director of Associated General Contractors of America, Inc., and other officers of national organizations of specialty contractors.

tion employers attach great importance to the established relations with the unions. The representatives of certain of the contractors' national organizations in a statement to the NLRB noted that it was necessary to acquaint the Board with "the urgent need of establishing an understanding of the Labor Management Relations Act, in its application to the construction industry which would not completely destroy the conditions and purposes of employer-employee relationships which the act declares its purpose to encourage."³⁴ The inability of the Board to effect elections, except in several trial experiments, left the industry in an ambiguous situation. The extra-legal position of the industries' contracts were not used by the contractors against the unions in this bargaining region.

In either urban or regional systems of bargaining in construction, labor costs can be stabilized for a definite period of time through union agreements. For the larger general contractors throughout Northern California, the efficiency of stabilization of labor costs is increased by having the contract extend over a wide area by the 46-county agreement.

Extension of an area of bargaining is frequently interpreted to be the result of extensive unionization of an industry and product competition among the employers within the same area. In construction, the product is immobile and without any close substitute outside a particular locality. If building costs are higher in one area than another, there is little immediate effect on construction in the high cost area from the existence of lower costs in an adjacent area, except on that type of construction in which there exist alternative locations. Since such projects are extremely limited, there is in actuality but little competition of construction products between areas.

Among the contractors, however, there is intensive competition over which firm is to produce the product in a given locality. If the locality is organized by the unions, all contractors bidding for work in the area would have the same wage costs, regardless of the location of their home office, with one exception. If labor costs in the locality where the project was to be constructed were lower than in the home county of one of the contractors submitting a bid, any crew of key men brought into the lower cost area would

³⁴ *Ibid.*, p. 153, joint statement of national officers of Associated General Contractors and other officers of national organizations of specialty contractors.

continue to be employed at their higher rate or under their superior working conditions. Many bargaining units in the area would remove, in addition, much of the stability and certainty gained through the present system. One contract requires only one interpretation in each trade and a single union authority to deal with in the case of contract disputes. Compliance with such legislation as the Bacon-Davis Act, which provides that wage scales paid on construction contracts undertaken for the Federal government conform to the prevailing area practice, is also made much simpler. Certain types of construction, such as highway work, cross the jurisdictions of a number of local unions of the same trade. Prior to the establishment of a uniform rate for the 46 counties, laborers' rates on highway work, for example, changed as county lines were crossed; yet the character of the work remained the same. Aside from labor recruitment problems under such circumstances, a considerable expense in administration and estimating was involved.

The Contracts in the Basic and Specialty Trades

A brief examination of collective bargaining agreements in the industry illustrates the uniformities achieved by regional bargaining, the apparently greater bargaining power of the general contractor compared with the specialty contractor, and some general information on the content of the agreements. The master contracts negotiated by the Associated General Contractors with the five basic trade unions all provide uniform clauses in similar language and clearly show the influence of a single employers' association. The main provisions of the Bay Counties carpenters' agreement are also similar to the other five, but are less detailed. The Northern California basic trade agreements define the relationship and the rights of the parties more extensively and more carefully than most agreements in the specialty trades, but compared to union agreements in manufacturing industries, construction contracts are short and uncomplicated documents.

Each agreement establishes in its respective trade identical wages, hours, working conditions, etc., over a very wide area, with only a few exceptions. The Bay Area, being the population center and the most strongly organized sector of Northern California, maintained a differential in wages and conditions over the less populated areas prior to the establishment of these master agree-

ments. With the progress of negotiations since their commencement on a 46-county basis, the differentials between the metropolitan center and the other areas as well as those between different outlying counties have almost been eliminated. The changes occurring in the Laborers' 46-county agreement with the Associated General Contractors illustrates the progress made toward uniformity. In the 1942 master contract, wages varied between many of the counties, and the number of different classifications, each bearing its own rate, was quite large. In the postwar period these many classifications had been simplified to three main groups, and wage scales were uniform throughout the bargaining area with minor exceptions. The Teamsters' contract recognizes a differential for only several out of a large number of occupations covered in their master agreement. Wage scales for Cement Masons are identical for all counties. The two Carpenters' agreements in Northern California provided for identical wage scales in 1945 and again in 1952. Overtime premium provisions in the six agreements, however, still favor the Bay Area counties to some extent, but all other provisions of these contracts are approximately the same for all 46 counties.

All six of the contracts, including the two carpenters agreements, provide that in the hiring of employees, preference is to be given to employees who have previously been employed on work covered by prior agreements. When the employer needs men, it is generally sufficient that notice be given to the local union in the area where the job is located. The union agrees to provide competent workmen if they are available. Without specifically requiring union membership as a condition of employment, this provision means that union members have preference, since only union members tend to qualify under this provision. Aside from the language of the agreements the construction industry in this area continues, in practice, to employ the closed shop. Arbitration with binding awards is provided as a final step in these agreements if the grievance procedure established fails in settling a dispute over the interpretation of the contract. Pending decision, work is to be continued. Jurisdictional disputes are to be handled without stoppages in accordance with the rules of the Building and Construction Trades Department of the AF of L, and by national agreement with the major national associations of contractors establishing

a "National Joint Board for the Settlement of Jurisdictional Disputes."

The basic trade agreements include provisions covering hours, overtime, show up time and recognized holidays, while health and welfare plans paid by the employer were included for the first time effective in 1953. Other "fringe benefits" are not provided for. Wage rates in all six basic trade agreements have changed in approximately the same proportion in the post war period although not in equal amounts. The contracts are for the term of one year except in one agreement. All the basic trade contracts provide that the terms and conditions of the agreement apply equally to any subcontractors under the control of or working under contract with the general contractor on any work covered by the agreement.

The agreements in the specialty trades, on the whole, contain fewer provisions defining the contractual relationship and are more favorable to the unions. Of the contracts examined covering certain counties of the San Francisco Bay Area, a number of trades, such as the Bricklayers, Plasterers, and Plasterers' Hod Carriers, incorporate their local union bylaws and work rules as part of their agreements.³⁵ The Ironworkers include the General Working Rules of their International Union as part of their 46-county contract. Although all the building trades unions have established working rules governing their membership, these are not given contractual status in any of the basic trade agreements. The six hour day prevails for three of the East-Bay specialty trades, the seven hour day for the Bay Area painters, while the eight hour day is established for the basic crafts. Overtime rates for Saturday, Sunday and holidays and for work outside the regular day are at double time, with few exceptions in the specialty trades, while overtime provisions in the basic trades are less favorable to the workers.

Further contrasts between the agreements of the specialty trades and the basic trades involve fringe benefits. Health and welfare plans, which are now generally in effect throughout the construction industry in this area, were in operation in certain of the specialty crafts for several years prior to their inclusion in the basic trades. Paid vacation plans appear in four of the specialty craft

³⁵ Crafts included were the following: Painters; Hod Carriers; Bricklayers; Plasterers; Lathers; Carpet, Linoleum and Soft Tile Workers; Roofers; Electricians; Plumbers; Steamfitters; Sheetmetal Workers; Ironworkers.

agreements, and the employment relationship between the contractors and employees in the electrical and sheetmetal trades, for example, where a vacation is paid, is more permanent than in most trades.

Wage rates in the specialty trades, compared with the three skilled crafts in the basic trades, are higher. It is difficult to compare rates with skills in the building trades, but in general, differences in skills do not explain differences in wage rates between crafts. One implication of this brief comparison of contracts is that the general contractors are in a stronger bargaining position than the specialty contractors. In part this result may be attributed to the different bargaining systems in use.

UNION WORK RULES AND THEIR RELATIONSHIP TO THE INDUSTRY'S FUNCTIONING

Only part—and the least controversial part at that—of the relationship of the building trades unions to the contractors and the construction industry is apparent from a discussion of bargaining systems and the contracts negotiated. Working rules play an equally important role in the general system developed by the unions. Gains made through the negotiated contracts are protected and the behavior of union members is regulated by these rules. Because of the shifting site of employment and lack of permanent employers the unions have codified a fairly wide area of worker activity which would be unnecessary in an industrial plant.

As noted previously, the first two functions of the unions and the collective bargaining process—the establishment of uniform wages for all firms and over time—are generally agreed to be necessary and useful. They are welcomed, or at least accepted, by employer and public groups. This is far from the case, however, for the remaining three functions which are covered by the work rules—namely, regulation of the entry of new firms, of the supply of labor, and of the conditions under which work is to proceed.

Rules in these spheres have been the subject of abundant criticism. Needlessly restrictive and inefficient work rules are commonly credited with being responsible for much of the high cost of building. Frequently these rules are considered simply as market control devices to enforce union monopoly power. Few discussions of the union monopoly issue fail to mention building trade rules as

examples of techniques to alter the supply and demand for labor. Much of the discussion of working rules, however, has been not only of limited usefulness, but is completely misleading. Writers on the subject have frequently presented some of the more dramatic restrictive practices found in particular cities throughout the country, have cumulated them, and then have given the impression that the resulting total is representative of the building industry generally. In other cases, analysis has been very incomplete and partial. A particular rule examined by itself may appear inefficient, but when related to the unusual problems and structure of the industry may prove both useful and proper.

While a complete study of the impact of union rules on the building industry is not possible here, a summary can be made of some of the rules in effect within part of the bargaining area which might be restrictive. Rules should be considered with respect to the reasons behind them. Rules which appear to be in line with general labor aims such as union recognition, good working conditions, security, adequate wages, no speed-up, and premium pay for overtime are the equivalent of standards in other areas and industries, and are not treated here as sources of inefficiency even though they may raise costs. Even if its abolition led to somewhat lower costs, a rule would not be considered inefficient if the lower costs were achieved at the expense of certain practices and policies generally accepted as promoting rather than decreasing the public welfare. Other rules may not benefit the general public, but may be welcomed by the construction industry because they profit both employers and employees at the expense of the general public. Still others, inefficient for both the public and employers, might be accepted by the latter either because of inertia, because the employers feel they gain more from the general regulatory system than they lose on a few specific points, or because the employers are too weak to resist the rule.

Working rules of seventeen crafts in the San Francisco Bay Area which include all of the major trades have been examined with respect to their restrictive features.³⁰ The list of rules may not be quite complete because, as long as they are not in conflict with

³⁰ The seventeen crafts are the following: Carpenters; Laborers; Cement Masons; Operating Engineers; Construction Teamsters; Painters; Hod Carriers; Bricklayers; Plasterers; Lathers; Carpet, Linoleum and Soft Tile Workers; Roofers; Electricians; Plumbers; Steamfitters; Sheetmetal Workers; Ironworkers.

the constitution of the particular international, each local has the power to determine rules in its own jurisdiction. As a result, there are several hundred possible sets of rules, spread among trade agreements, local constitutions, by-laws, work rules, international constitutions, and unwritten rules. This means that the survey may have missed some particular cases, although it is believed to be both accurate and relatively complete.

The reader may judge for himself the validity of common charges, while recognizing that it is often very difficult to ascertain the real reason for a particular rule. Is the prohibition of incentive wages a method of halting the speed-up or of restricting output? Are the existing overtime provisions reasonable, or do they stem primarily from a make-work and share-work tradition?

One of the authors has attempted, elsewhere, to obtain a specific measure of the costs of labor restrictions in building a typical house in the San Francisco Bay Area, by considering separately the amount paid out to each craft and the apparent restrictions it imposed.⁸⁷ It was found that the trades doing most of the work on average houses had the fewest restrictions. (This, may, of course, result because builders have chosen construction methods using the more efficient crafts and have replaced methods requiring the more restrictive ones.) Assuming maximum possibilities of restriction, it was estimated that they increased labor costs from 10 to 20 per cent and the total cost of a house from 3 to 5 per cent. It appears, though, that restrictions vary with type of project. Waste on large non-residential projects as a result of these restrictions would be somewhat higher, while those on the majority of maintenance and repair jobs would be less.

Regulation of Entry and Size of Construction Firms

Since the structure of the industry is shaped so as to allow the maximum of flexibility, there are few if any factors of supply which cannot be obtained with ease. Such a structure is necessary if existing firms are to expand and contract with shifting demand. At the same time, such a structure makes it simple for new firms to enter the market and obtain the necessary factors. Rapid entry of new firms which occurs in every period of strong demand creates a problem both for the existing firms and for the construction workers.

⁸⁷ Maisel, *op. cit.*, p. 246.

Certain union work rules reflect the instability of contractor organizations and illustrate the unions' attempt to protect their members from inexperience, inadequate resources, and insufficient managerial skill of "fly-by-night" contractors. In the use of these rules the union supplements the policies of the contractors with the result that in certain cases it is claimed that unions have policies more restrictive than necessary for the protection of their own members, and have entered into collusive agreements with the existing firms, whereby they bargain their power to limit entry into the industry as a *quid pro quo* for increased wages or other economic advantages for themselves. In a small number of cases, moreover, sanctions go farther than this and members of the union are prohibited from working for firms not members of the employers' associations.

More frequently, union rules affect the minimum size of firms by limiting the amount of work that can be done by an employer. Commonly, in small construction firms, overhead is low because the employer earns most of his income by working as a mechanic. If he is prohibited from doing so, overhead becomes a much more important item, and firms must be of a larger size to meet the increased cost. In three crafts, i.e., the electricians, iron-workers, and lathers, the employer is not allowed to work. In the case of the plumbers and steam-fitters, one employer can work but only on maintenance and repair and for only four hours on any one job. However—and this has wider application—the shortage of journeymen plumbers has left this rule unenforced in much of the post-war period. In the sheetmetal trade, one employer of a firm is allowed to work, but only in the shop and not on the job site. In the 13 crafts where the employer is allowed to work, he is required in 6 crafts to hire a journeyman in addition to himself. In these, self-employed, own-workers cannot qualify as union shops.

Carpenters have no rules respecting the hiring of journeymen when the employer works. Where the requirement of employment of a journeyman is not made, it may be, as in the case of the roofers, that the nature of the work requires a crew of several men at the minimum. Bricklayers make no provision for employment of a journeyman, but require the working employer to be a member of the union. This covers the case where one-man masonry firms specialize in fireplace work, which can be done with only one skilled man plus a hod-carrier. The operating engineers also require that

if the employer operates equipment, he must belong to the union, and this covers a number of operating engineers who work with their own equipment. These last two crafts are the only examples of required union membership when the employer is permitted to work.

The above rules have their primary impact upon the size and organization of the construction firms. Their purpose appears to be the discouragement or control of the one-man firm and of firms composed solely of partners working at conditions below the established union standards. Many employers support these types of rules since very small firms, or a group of working employers, are regarded as potential price-cutters.

The reasoning behind these clauses is brought out in the following clause from the Bay Area Painters' and Decorators' Agreement:

"It is recognized that prior to this and similar agreements, it was common practice for journeymen painters to group themselves together as contractors and work without regard to established hours, wages, or working conditions. Under such conditions working standards were lowered thereby establishing unfair competition and every employee a possible competitive contractor by accepting work in disregard of reasonably established agreements. These conditions resulted in chaos in the painting industry and a complete breakdown of all attempts to create fair and reasonable working standards. It is recognized that while limitation of one Identification Card to a single employer who has in his employ one or more journeymen may possibly work a sporadic hardship in a few cases, such hardship is light and inconsequential in comparison with the greater hardship that would result to the painting industry as a whole if these rules were not in force."³⁸

While removal of very small firms makes it easier for the unions to maintain uniform wage rates, this policy may increase the expenses of construction to the general public. These small firms form a very competitive fringe in the industry. Their removal, while improving labor relations, may also result in generally higher prices and profits for the remaining firms. In the majority of cases, however, the price effect will be small. It will be felt primarily on maintenance and repair work and in small building contracts. It will not affect the bulk of cases because for most, the competitive price will of necessity be that set by the larger and medium sized firms.

³⁸ *Agreement*, Bay Area Painters and Decorators Joint Committee, Inc., 1952, Section 6, p. 23.

Supply and Regulation of a Skilled Labor Force

It was pointed out earlier that unions perform a welcome service for the industry by acting to insure a skilled labor force when needed, even though jobs may be temporary and spread over a wide area. The *de facto* recognition of the closed shop in the negotiated contracts is the main basis for performing this function, but related to the closed shop are a number of working rules affecting the supply of labor which have met with some antagonism. These deal with the dispatching system, the right of foremen to work, and entry into the unions.

The operation of the construction industry involves the movement of firms and workers from project to project as new work is undertaken. The flow of any particular firm's work may not be continuous since the securing of new bids may involve periods of inactivity. Once a contract is awarded, the general contractor hires labor for that particular job as it is required in the successive stages of construction. Similarly, the subcontractors involved plan their work to mesh with the schedule of building operations. When each stage is completed the labor force is laid off again. In the interim the workers are employed by some other general contractor or remain unemployed. The large general contractor seldom maintains more than a small permanent crew of key men.

These larger contractors in particular depend upon the unions to supply skilled and experienced workers on short notice. The unions' function in collecting employment information, dispatching men to work, and distributing work, when it is scarce, is of obvious importance to the workers in this type of industry. A construction employer, in contrast to employers in many other industries, finds hiring from the union may be a substantial advantage. The closed shop principle, long characteristic of the building trades unions, insures, in most cases, that the skill and experience of the men sent out by the union meet certain necessary standards. In effect, the unions certify the qualifications of the workers referred to the employer and in many cases attempt to match the man referred with the particular specialty of work within the craft. There is no requirement made to retain a particular worker, if unsatisfactory. Seniority is union-wide rather than related to any one construction firm.

The hearings on the Taft-Hartley Act noted earlier, made clear the feelings of the major contractor associations, with the exception of the National Homebuilders' Association, on this problem. A representative of the Associated General Contractors in Northern California testified to the Senate Committee that:

"As I have indicated in my statement and will probably mention a number of times again, the one thing that you must have and must have real assurance of before you undertake a project is the assurance that you will have an adequate supply of competent, experienced men."³⁹

This involves the union-shop question "... because experience has shown, at least in our area, that unless you run all over the country recruiting, which has been done in some cases, the local unions are the experienced and accessible source of your labor supply."

"... in addition to have some assurance of an adequate supply of men there is a more important thing. Obviously, on the type of jobs that I am talking about... you have some expensive, highly geared equipment. You can't allow any—as they call them in the construction industry—Joe McGee to operate that kind of equipment or to run that type of job, and you have to have some facility for maintaining discipline, for making sure that the men that you get have been qualified, have had previous experience, and that one is able to work out the problems which go along with any large-scale operation. That again enters into our relations with the unions.

"What are the factors that must be made certain by the contractor or the employer association? The experience of Guy F. Atkinson Co. shows that all of these items must be considered:

(1) Who has the experience and leadership to speak for and represent the workmen in wage and working condition discussions?

(2) Who has demonstrated the ability to furnish an adequate supply of experienced men in the craft? On these first two points, experience supports the conclusion that the business agents or other representatives of the local unions having a jurisdiction over the particular territorial area for the respective crafts are almost invariably the best sources of such spokesmanship and supply.

"As you will note by a study of our agreements, basically they all provide that the contractor has freedom of selection, so that when the men are sent to him he has control of how long they stay on the job. He can pick the man he wants. But the manner of bringing the men in, certifying to their qualifications, and bringing them to the job generally is best handled by the representatives of the workmen themselves."⁴⁰

³⁹ *Hearings on S 1973, loc. cit.*, pp. 169–70, statement of Gardiner Johnson, attorney at law, San Francisco, California, representing Guy F. Atkinson Co., and Associated General Contractors of California.

⁴⁰ *Ibid.*, p. 170, statement of Gardiner Johnson.

The operative builders and small general contractors are less concerned with this union function. They tend to maintain a more stable relationship with their employees than do large general contractors. Each develops particular techniques and procedures and as a result they find that their costs fall as workers become accustomed to specific jobs. This means that careful selection of crews and cutting of turnover is important. They tend to measure and stress individual efficiency rather than accepting the average level of skills furnished by union dispatchers.

The same is true for many of the specialty contractors. The fact that jobs are smaller, that there are more of them, that their work tends to be inside or in the shop and therefore less seasonal, means that a larger share of these workers are employed on a permanent basis. Such permanency is important, too, because in many types of job the mechanic works by himself with only the slightest degree of supervision. This means the employer must be sure of his ability. Large and fluctuating crews are found primarily on large projects of new construction. Even for these jobs, most specialty contractors will use a nucleus of permanent staffs, adding workers available from the pool for only the less skilled tasks.

Complaints of inefficiency occur primarily when the hiring hall must be used. Here again there is conflict between the large and small contractors. Since the latter need only a few, but more highly skilled men, they frequently could fill their needs better without the union's aid. If they must use the union dispatcher, they may get somewhat poorer men and must pay them a half or a full day's wages before they can be fired. Such costs, especially if they occur several times, will be more important on small jobs than on large.

None but members of the unions who carry current working cards or new applicants who have made a payment on their application are allowed to work in most unions, and foremen are charged with the responsibility of inspecting all working cards. Before reporting for work the member is frequently required to obtain a written work order or referral from the local union, subject to fine for noncompliance. In addition to operating a dispatching system, some union rules permit a member to solicit his own work, while the contractor is free to request a particular man. The efficiency of the dispatching system requires that if a member of a union agrees

to accept work through the local union office and fails to appear for work, he is subject to fine.

The labor supply is also controlled somewhat by regulations covering the work that foremen can do as well as their required number and rates of pay. Costs will be raised if foremen are prohibited from working when they actually could or if workmen must be paid foremen's wages even though they are not needed as foremen. In the sixteen crafts studied (omitting hod carriers), foremen were allowed to work in fourteen, while the operating engineers and teamsters prohibited foremen from operating equipment. In others, however, foremen could not work when the number under their supervision rose. Plasterers' rules provided that if over eight men were employed on a crew, the foremen could not work with the tools. Steamfitters required that if the crew was over six men, the foreman was limited to supervision. Since foremen are required to belong to the union of their craft in all cases except the teamsters, they must abide by as well as administer their craft's work rules.

Eight of the sixteen trades leave the employment of a foreman entirely up to the employer, while most of the others provide that employment of a foreman is necessary if there are three or more men in a crew. The ironworkers provide that where two or more men are working, one is to be foreman, but beyond this, the decision is the employer's. Roofers require that there be one foreman for each crew of 5 or less, and one additional foreman for each three roofers or fraction thereof. When work is not prohibited, foremen work with the tools of the trade, but at a higher wage than the journeyman.

Since the foremen are both working and performing some management functions, the important point is whether the rule tends to place more foremen than necessary for efficient operations. A standard is not readily determined since the optimum crew size varies with the project and the particular craft. However, five of the eight trades where the decision to employ foremen is entirely management's were the basic trades. This right was provided specifically in the negotiated contracts. This suggests that where contractor bargaining power is greater, the foremen employment decision remains with the employers.

Restriction of Entry

The building trades have been widely criticized for their practices in restricting entry into a trade through long and limited apprenticeship, high initiation fees, and a closed union in addition to a closed shop. All of the seventeen trades state that their rolls are open to new members provided they can meet the standard of skill or experience necessary in the trade. The observance of the rule varies, however, depending on the availability of jobs. The facts show that the actual number engaged in construction in California increased by 110% between 1940 and 1950, while the number employed in all industries increased by less than 50%. The construction labor force expanded far more than the general labor force in the period, while membership in the building trade unions appeared to have increased at least proportionately.⁴¹

Specific examples exist, however, of unions and locals which have attempted to restrict expansion by use of work permits. These organizations have granted temporary permits when jobs were freely available and have curtailed them as job openings declined. In certain cases, unwillingness to grant permits to members of other locals of the same union has had a particularly unfortunate effect. Such practices limit the area over which a firm can work with the same crew and tend to retard the development of better organized firms.

The bylaws of the unions generally provide for the examination of new applicants by a union committee if the applicant is not already a member of the national union. Initiation fees vary from \$50 to over \$200, payable over a period of several months. The average for most trades is a \$100 fee, and even considered in relation to the wage scales prevailing and the time allowed for payment, such fees are high. In a few cases the national union sets the maximum allowable initiation fee.

⁴¹ *Union Labor in California*, California Department of Industrial Relations, Division of Labor Statistics and Research, Annual publications, 1940-1950; *U. S. Census of Population: 1950*, Vol. II, *Characteristics of the Population*, Part 5, California, U. S. Bureau of the Census (Washington: Government Printing Office, 1952), Table 82; and *16th Census of the United States: 1940*, Vol. II, *Characteristics of the Population*, Part I, California, U. S. Bureau of the Census (Washington: Government Printing Office, 1943), Table 51. Union membership in California construction practically quadrupled in the period 1940-1950 according to Division of Labor Statistics figures, but part of this increase represents incomplete estimates of union membership in earlier years, while much of the increase represents new union organizations in Southern California.

Normally, though not in an area with such a rapid expansion of construction activity as that of California, entrance into a building trade is through apprenticeship. The apprenticeship system in California operates under a voluntary State program determined jointly by contractors and unions, which has been highly successful. The program, administered by the State, provides minimum standards including age of entrance, hours and subjects of classroom instruction, and required time to be spent in different phases of the craft. Entrance wage rates and progressive increments toward the journeyman's rate for each additional period of apprenticeship completed are agreed upon. The ratio of apprentices to journeymen, and certification of completion of training, are also established. Among the building trades with apprenticeship programs, the most common maximum allowable ratio of apprentices to journeymen is one apprentice to each four or each five journeymen employed, although some of the crafts provide that shops may employ an apprentice even if there are only one or two journeymen. The length of term of apprenticeship varies among the building trades, with more than one third of the crafts having programs requiring a term of three years, about the same number requiring four, and the remainder requiring five years. The actual number of apprentices in the construction trades has greatly expanded since the introduction of the State-sponsored program. In the Bay Area there were over 3,000 apprentices registered with the State program in 1950 compared with no more than 200 in 1940.⁴⁸ However, even with this expansion, the ratio of active apprentices to journeymen is far below the allowable ratio established in the building trades unions' work rules which are incorporated in the joint union-contractor apprenticeship agreements.

Discipline of Work Force and Control of Method and Rate of Work

The final group of stabilizing and regulatory influences attributable to the presence of the building trades unions is the most difficult to analyze. In the sphere of work rules concerned with discipline of the work force and work controls, there are direct conflicts of objectives, and it is most difficult to attribute actions to their real causes. Even when the reason for a rule is known, judg-

⁴⁸ Maisel, *op. cit.*, p. 241.

ment as to whether or not it gains more for the industry than it costs is primarily a value judgment that will vary according to one's vantage point.

The work rules in question here govern union members' relations with the employer, including the methods and quality of work required to be maintained on all jobs. Such rules may include requirements that members work only for employers who observe the regular work days and work hours, or that members may accept work orders on the job only from recognized foremen. Union members may not be allowed to supply by loan, rental or sale certain types of work equipment that could be used on the job, or to use their personal automobiles to transport the employer's materials or equipment. If movements from job to job are required during a work day they may be required to be performed on the employer's time.

In this same group of work rules can be included the many jurisdictional rules which define in detail the occupational limits of crafts. One result of jurisdictional rules is to establish, for example, what the work of a carpenter or a lather is for all employers. The area of work allowed to apprentices is similarly subject to definition by work rules to prevent the apprentice being substituted for common labor. Standards of worker output are also the subject of work rules in many unions. Pacemakers or members rushing work to hold a job or set excess standards of speed may be fined or foremen found rushing men may be penalized. Work rules may specify how work is to be done in some trades, or rules may require that work be performed in a workmanlike manner or in accord with applicable building codes or architects' specifications.

Rate of Production

On the whole, the construction industry has paid little or no attention to problems of job efficiency. Standards and rates of work which might be expected of workers are known in only the roughest form. Average production per man hour varies by well over 100 per cent from firm to firm and frequently from job to job within the same firm. As a result, there is no standard against which the effect of union rules can be measured.

Some employers feel that necessary standards could be obtained only through some form of piece-work or incentive wage

plan. It follows that they blame the unions' prohibition of these plans for much of the inefficiency of the industry. Non-union firms using piecework have found it lowers their labor cost. The British have also found that "payment by results" has increased construction efficiency. Others more familiar with manufacturing and with European experience of piece work in construction do not agree. They recognize that the tremendous variety of construction work with different sites and plans makes any piece work system difficult to manage. In addition, the European system has shown that piece work tends to slow up if not to halt technological progress.

If ideas of piece work are put aside, the problem is to determine whether the work rules limit a full day's work. Of the seventeen crafts, all the five basic trades contain contract clauses prohibiting any rules, customs, or practices limiting production or increasing the time required to do any work. Among the specialty crafts, both plumbers' and steamfitters' agreements have clauses almost identical to the above basic craft provisions. The ironworkers' contract incorporates the General Working Rules of their international union, which provide that the union shall not place any limitations on the amount of work to be done. The remaining nine crafts make no guarantee or specific statement regarding prohibition or limitation of output in their contracts, bylaws, working rules or other related documents. The policy of these crafts, as expressed by union officers, is to perform a "fair day's work." Various trade rules were made by such crafts as the plasterers on how work was to be performed and on materials used, but these are generally designed to prevent substandard workmanship. Non-observance of these rules would undoubtedly reduce the installation labor time necessary, but the quality of the product might be inferior. Certain working rules of the bricklayers similarly emphasized "solid work," while the electricians provide that members shall install electrical work in a safe and workmanlike manner in accordance with applicable code and contract specifications.

Other work rules of some of the remaining nine trades mentioned above place specific restrictions on work methods. Hod carriers, for example, provide that one hod carrier may tend no more than two plasterers except on work involving putty or the white coat. A hod carrier may tend no more than two bricklayers, except on chimney work where only one bricklayer may be tended.

Bricklayers may not string or spread mortar before the line is up at both ends of a wall. These rules, mainly addressed to the prevention of speedup, have been interpreted as make-work practices.

Restrictions on Tools and Labor Saving Devices

Much attention has been directed to building trades unions' restrictions or limitations on tools, machines, or other labor-saving devices. The five basic trades all have contract provisions requiring that there shall be no limitation or restriction on the use of machinery, tools, or other labor-saving devices supplied by the contractor. This provision is not a mere policy statement. In practice carpenters work with a wide range of power tools and machinery. Operating engineers and teamsters are crafts created or sustained by mechanization, and laborers perform an increasing proportion of their work in conjunction with power equipment. Plumbers and steamfitters also have negotiated a contract clause almost identical to the above basic trades clause, but provided that the use of tools and machinery be in accord with the AFL Building Trades Department and the State Industrial Accident Commission. One union regulation which has received considerable public attention was the plumbers' traditional requirement that fabrication be performed on-site. With the growth of large scale tract housing, this rule obviously interfered with the development of labor-saving devices for standard plumbing work. In this area for the last several years, certain plumbing could be prefabricated off-site, provided union plumbers performed the work at the union scale. Of the remaining ten crafts not mentioned in this paragraph, six have no specific rule or contract clause respecting the use or disuse of tools, machinery, or labor-saving devices.

The other four trades with rules of the above type can be discussed more fully. The painters' regulations covering the size of brushes used, spray painting, and dipping are well known, and their effect has long been debated. The painters take the position that spray painting is injurious to the health of the painter. Use of spray equipment is permitted, however, in certain cases provided every reasonable device is adopted to minimize the danger to the painter. Permits to spray, issued by the union and a joint committee of contractors and union representatives, are required and the surfaces which may be sprayed cover a fairly long list—applying

mainly to industrial buildings, roofs, machinery, fences and certain waterproofing materials, with housing virtually barred. In an indictment brought against the Bay Area Painters and Decorators Joint Committee Inc. in the early 1940's concerning restrictions placed upon paint spray equipment, the court recognized that "the unions had two legitimate purposes in demanding the restriction of the use of paint spray equipment: the use of the spray equipment constitutes a health hazard; and such equipment saves time and thereby cuts down the amount of employment."⁴⁸ The painters' regulations concerning the size of brushes used are considered relatively unimportant by many contractors in this area. Dipping processes are prohibited except for purposes of control of fungi, and the roller stippler may not be used for the application of any materials.

The Trade Rules of the Plasterers, which are made part of their agreement with the contractors, specify, regarding the use of tools, that no trowel larger than the standard size of twelve inches is permitted to be used by plasterers. The union points out that this standard size is an evolutionary development and not a product of the union's deliberate decision. If there were no control established, this particular size would, it is claimed, tend to be adopted by the average working plasterer. However, to prevent the development of the pace-setter, the union requires observance of the standard. Hod carriers state the size of a standard hod in their Work Rules which are made a part of agreement with the contracting plasterers. No variation in size of the hod is permitted. The By-Laws of the remaining craft, the lathers, state that tools or guns that are detrimental to the welfare or safety of the members are not allowed. The introduction of the power cartridge gun used for embedding nails and fasteners in concrete and the like resulted in some serious accidents with this tool. Consequently the lathers place certain restrictions on its use in overhead and ceiling work.

Jurisdictional Disputes

A further control over work methods is maintained by the unions' insistence that particular jobs be retained for their own members. Since jurisdictional rules define the occupational content

⁴⁸ *U. S. vs. Bay Area Painters and Decorators Joint Committee, Inc.*, No. 27899 S, April 19, 1943, 12, Labor Relations Reference Manual, p. 689.

of a particular craft, changes in techniques and materials disturb the vested interests which unions have in particular types of work.

Jurisdictional claims are considered a property right bestowed by charter or won through custom or battle. There is clearly a close parallel between these craft jurisdictional property rights and the seniority property rights of individual workers in an industrial plant.

Although nationally jurisdictional problems have been one of the most bitterly debated problems of construction labor, the post-war period in California shows that the debate has been out of proportion to its true effect. Only a few jurisdictional conflicts have reached the strike stage, and time lost has been small. The improvement in the jurisdictional problem both locally and nationally must be partly attributed to the establishment in 1948 (mainly because of pressure from provisions of the Taft-Hartley Act) of another and more successful dispute solving technique. Space in this monograph does not permit a further discussion but at least mention should be made of this new National Joint Board for the settlement of Jurisdictional Disputes. This agency is a joint union-contractor organization begun through an agreement between the Building and Construction Trades Department and the main national contractor associations.

Of course it is possible for jurisdictional problems to be cost consuming and lead to inefficiency even if there are no strikes. A prime complaint of builders is the difficulty of taking workers into the jurisdiction of other locals of the same union. If a mechanic has to be paid a day's wages to do only a few minutes of work, this, too, will increase costs. However, on most housing jobs where these situations occur, the jurisdictional rules that are onerous are usually overlooked. As a rule, there is only one craft in a house at a time. The crews are small and have worked together. They do not stand on formality or trade rules, but get the job done.

POST-WAR RELATIONS

The stabilizing influences and functions performed by the building trades unions are the most significant set of relationships determining the quality of industrial relations in the industry. However, the history of labor relations in Northern California demonstrated that, also necessary and lacking in earlier periods

was an equality of bargaining power. With the establishment of active employer associations and strong unions an approximation of equality, particularly through the extensive bargaining system of the basic trades, has been achieved in the post war period. A further factor of considerable consequence has been the practically unabated prosperity of the construction industry for over a decade. Many problems have diminished in importance because of this prosperity.

As a result of the operation of these three factors, that is, stabilizing unionism, relative bargaining equality, and the industry's high level of activity, negotiations concerning new contracts in the post-war period have primarily been concerned with wage issues or economic issues rather than questions concerning the division of authority between management and labor. For example, the closed shop has not been an issue in this area since the end of the American Plan era. Even under the Taft-Hartley Act, as noted earlier, the closed shop has remained virtually unaltered in practice.

Strikes over contract determination when they have occurred have been over wage and related issues. While there have been a number of strikes among the specialty trades, few have been of any length in the post-war period. In many of the locals of certain crafts there has been a continuous no strike record for well over a decade. In the basic trades, the only serious strike in the post-war period occurred in 1952. The occasion for this stoppage of over eight weeks which at first involved the Bay Counties Carpenters and the eight contractor associations, and eventually included all 46 county Carpenters, was the demand of the unions for a health and welfare provision in their basic trades. Fringe benefits had not been widely included in construction agreements in contrast to contracts in other industries in the post-war period and the unions interpreted this as an indication of their relative decline as a group in economic welfare.

In 1952, the Construction Industry Stabilization Commission, a Federal wage control agency, set a national pattern through their formulae establishing a maximum allowable hourly employer contribution to health and welfare funds. The maximums became the minimum union proposal. Inclusion in the agreements of a health and welfare plan undoubtedly was regarded by the employers as a first step to widen the whole subject matter of collective bargaining

in construction. Acceptance of health and welfare plans in the Bay Counties Carpenters contract would have meant its ultimate extension to the other Northern California bargaining units. The other basic trades and some of the specialty crafts regarded the Carpenters' effort to establish a health and welfare plan as their own, and the cooperative machinery of the building trades unions, particularly the building trades councils, gave the strike their full support.

The result of this strike, in which the contractors finally conceded the issue, demonstrated the strength which a diverse craft structure could organize, and at the same time made evident the difficult problems of contractor unity. A basic difficulty among the multi-association contractor groups which resisted the Bay County Carpenters demands was that the pressures upon the homebuilders' associations and small general contractors to reach a settlement were much greater than those facing the large contractors.

As noted earlier each group faces different market and operating problems, since the majority of houses are built operatively by builders who have invested their own or borrowed capital in them, and delay seriously affects the homebuilders' position. On the other hand, the fixed costs of the larger general contractor are a relatively small part of their total costs. Work stoppages at the beginning of a construction season are serious, but less disastrous to the large contractor than to the homebuilder. The smallest general contractors' return is largely a wage income, and his fixed costs in a sense are the cost of his own support. For the smallest contractor, a lengthy strike is therefore difficult to weather. The result of these conflicting necessities among the general contractors, and particularly among the homebuilders, was to bring to an end employer resistance to the health and welfare demand. The conclusion appears evident that cooperation between operative homebuilders and all general contractors in collective bargaining may not always be possible when the employers adopt a policy of resistance to union demands. Although the development of regional bargaining has greatly increased contractor bargaining power, the post-war growth of a separate housing industry confronted with different economic necessities may seriously weaken the employer bargaining structure.

This lengthy dispute also indicated that if a strike does occur in the Northern California basic trade bargaining system, the effect is likely to be serious since the whole of the large area is involved. It is possible that under a more localized system of bargaining such as existed prior to the present system, the local contractors in the Bay Area might have conceded the union demand without a strike. But in the present case, the issue was region-wide from the beginning even though it began with the Bay Area carpenters.

It is difficult to place the general contractors' and homebuilders' long resistance to a health and welfare plan as primarily due to the increased cost it would entail. Since all competitors would share the increase equally, the incidence would ultimately fall upon the ultimate consumer or owner except in a period of declining demand. As indicated earlier, many considerations outside the level of wage rates determine the demand for investment in new structures. In addition the price effect of a wage increase should not be over emphasized. For example, in the housing industry in the Bay Area, the total labor costs of a typical house built by a medium sized builder were 25 per cent of all costs including land, materials, overhead and profit in 1949.⁴ As a result, a 10-per cent increase in labor costs would increase the capital cost of the typical house by only 2.5 per cent. The labor costs referred to are the sum of all on-site labor costs incurred by both the homebuilder acting as general contractor and the subcontractors. Moreover, since the demand for new housing is, within certain limits, more a function of cost of monthly payments necessary to acquire ownership rather than of the capital cost of the structure itself, and since financing charges, taxes, and insurance make an important contribution to the monthly ownership payments, an increase in labor costs would have an even less direct effect on the price relevant to the consumer.

Even though the demand factors may make acceptance of wage demands by contractors in construction less difficult than in some industries, large general contractors still appear more determined than they have been in the past to resist union demands which they regard as excessive or unreasonable. The general contractors are conscious of their bargaining power, and while regarding the unions as important to the industry, they do bargain for

⁴ Maisel, *op. cit.*, Table 50.

acceptance of their own terms. Collective bargaining in the basic trades appears to be a genuine negotiation of demands involving compromise and concession.

Wages and Earnings in the Post-War

In the long strike of 1952, the carpenters appeared to have abandoned the policy they had pursued for many years expressed in the statement of one of their recent leaders that "Workingmen don't put money into a union for the privilege of walking the streets."⁴⁵ The importance of the issue to the unions may lie in their belief that the construction crafts are not keeping pace with the achievements of organized labor in other industries.

Wage scales in construction have been among the highest in any industry and traditionally have been explained in terms of the skills and seasonality of the industry. All economic benefits were concentrated in the wage rate. Translating these union rates into earnings, the average weekly earnings in contract construction in the San Francisco Bay Area were approximately \$92.80 for 34.5 hours of work per week in 1953.⁴⁶ For comparison purposes, in durable goods manufacturing, average weekly earnings were \$81.84 for a week of 39.1 hours, or an average of \$2.08 per hour. Construction's hourly earnings of \$2.68 were highest, although not much different from other skilled crafts as, for example, printing, publishing, and allied industries at \$2.64 per hour. For the State, both manufacturing and construction earnings were below the Bay Area. A more proper comparison would be in terms of annual earnings, for particularly in the case of construction, seasonal unemployment and loss of time transferring between jobs has been substantial.

The differential in wage scales and hourly earnings of construction does not apparently compensate fully for the seasonality of employment or for the higher percentage of skilled males. In the San Francisco Area in 1950, about 96 per cent of the construction force were males (who normally receive a higher wage) compared, for example, to a percentage of 78 for all manufacturing industries.⁴⁷ In addition, if various labor groups are compared with

⁴⁵ Statement made to one of the authors by Mr. D. H. Ryan, Secretary of Bay Counties District Council of Carpenters, 1922-1950.

⁴⁶ *Area Supplement, Labor Statistics Bulletin*, California Department of Industrial Relations, Division of Labor Statistics and Research, monthly bulletins for 1953.

⁴⁷ *U. S. Census of Population: 1950, loc. cit.*, Table 84.

respect to levels of skill, construction had 71 per cent in the first or most skilled group compared to 45 per cent for manufacturing and 33 per cent for all industries.

In addition to more males and higher skills, the higher rate for construction workers is not fully reflected in earnings because of time lost for rainy weather or transfers between jobs. As a result of the fewer hours worked per week, while hourly earnings for construction workers averaged 27 per cent higher than for employees of durable manufacturing, the earnings per week averaged only 13 per cent higher.

This latter figure is further reduced by weeks not worked. The average weekly earnings do not take into account whole weeks off the payroll since the reported figures are based on men on the payroll for a given week and not on all employees. Average earnings per employee will differ considerably from actual earnings for all workers in the industry depending on the number not on payrolls.

Exactly comparable data for weeks worked is not available, but the 1950 Census gives some indication of losses from this source. This showed for example that 67 per cent of the experienced male labor force in the San Francisco Area worked between 50 and 52 weeks in 1949. For manufacturing 69 per cent worked this period, but for construction the number with jobs for 50 or more weeks was only 46 per cent.⁴⁸ It appears that in addition to working fewer hours per week, on the average, workers in the construction industry had 3 to 4 weeks less work than others. As a result, the higher hourly wage of construction workers was further dissipated. The Census shows virtually no difference between the annual median earnings for male construction workers and those for all employees. The construction workers received an average wage of \$3,392. Manufacturing employees with an hourly rate nearly a third less and a lower skill level received a 5 per cent higher annual income. The effect of seasonal and other lost time can be seen most clearly in a comparison of construction workers' earnings to those in the printing industry. As was noted earlier, both groups had very similar hourly wages, yet the annual earnings for construction workers averaged only about 80 per cent of that for the printing group.⁴⁹

⁴⁸ *Ibid.*, Table 85.

⁴⁹ *Ibid.*, Table 86.

There has been some feeling that the building trade crafts have not maintained their earnings differentials over production workers. It is not possible to compare an index of earnings for any lengthy period in the San Francisco Area since data have only recently been compiled. A very rough indication of changes in wages can be given, however, by comparing changes in carpenter's union wages with average hourly earnings in manufacturing. In 1952, union wage rates of the building trades crafts in the San Francisco Bay Area had increased by 108 per cent since 1939, while average hourly earnings in Bay Area manufacturing increased by 148 per cent.⁸⁰

A contrast which certain of the contractors associations refer to as an indicator of the success of the bargaining system in this area from the employer's point of view is the moderate height of union wage scales for construction in this area compared to certain large cities in eastern United States. Average journeymen union wage-rates in the building trades in San Francisco in July, 1953, were exceeded by fourteen eastern cities.⁸¹ While some of these cities had a smaller population than San Francisco, five were in the same size group of 500,000 to 1,000,000 population, and all cities of 1,000,000 and over except Los Angeles (which was at the same level) exceeded San Francisco. There is an unmistakable relationship between the size of the city and the prevailing level of building trades unions' scales. San Francisco rates are below the average of cities of its size.

While there are many explanations and this same relationship existed in the pre-war period, the bargaining system may be one factor determining San Francisco's ranking. In addition to the level of rates of the building trades being lower in San Francisco, the level of manufacturing hourly earnings is higher than in these same cities. Consequently the range between the level of manufacturing wages and the level of building trades wages is much wider, and in some cases twice as wide in these cities as in San Francisco. Craft superiority is less substantial in this area than in many large American cities.

⁸⁰ *Area Supplement, Labor Statistics Bulletin, loc. cit.*, and *Handbook of California Labor Statistics*, California Department of Industrial Relations, Division of Labor Statistics and Research, 1949-1950, Table 29, p. 59.

⁸¹ *Union Wages and Hours: Building Trades*, U. S. Bureau of Labor Statistics, Bulletin No. 1152, July 1, 1953, Table 8.

The Decline of Local Union Functions and the Decline in the Building Trade Council System with Regional Bargaining

An important development in the structure of union organization which has accompanied the regional bargaining system employed by the Northern California basic trades has been the decline in wage determination and collective bargaining functions of the local unions. The advantageous position of the more powerful metropolitan union locals has been shifted to support all the locals of the union in the Northern California area. Supra-local bargaining has meant that the parent international unions are now more directly involved in the affairs of their subordinate unions. International union officers or representatives in the basic trades in some cases play an important part in the negotiation of new agreements and local unions are not permitted to enter separate or independent negotiations.

The local unions of the five basic crafts which have all experienced urban and county wide bargaining would, in some cases, prefer this older system. The international unions, however, take the position that their concern is not with the special conditions obtainable in a strong center or metropolitan area, but rather with the establishment of the same conditions over as wide an area as possible. In previous periods, the method of using the Bay Area center as the wage leader was not always successful, for in some cases the outlying districts were unable to establish parallel gains. Movement within the locals in the 46 counties is considerable, and different conditions and rates brought problems of equitable comparison. The international unions also take the position that the cost of living is equal throughout the area and therefore unequal pay for equal skill is unadmissable.

Further reasons frequently mentioned by district council or international union officers for supporting regional bargaining are the more simplified administration of union business permitted through the reduction in the frequency of bargaining; the uniformity of wage scales—which had often displayed a considerable variety among counties; plus other uniformities obtained.

Parallel to the changing functions of local unions has been the apparent decline in the functions of the powerful building trades council system in Northern California. With the introduction of regional bargaining, negotiations and agreements now extend

beyond the limited jurisdictions of each of the building trade councils. Each council, as a result, has less influence over its basic trade local union affiliates since wage decisions and strike decisions are made on a regional basis through international union agencies. The bargaining structures used by the basic trade unions, such as district councils or committees of district councils overlap the jurisdiction of the county building trade councils and are therefore not directly affiliated with them. Although the cooperation of the building trade councils is still important to the international unions and their subordinate organs, the importance and authority of the councils are limited in the present regional bargaining system.

While there apparently has always been some conflict of interest between the autonomy of the international unions and the centralizing influence of the building trade councils, the partial displacement of council influence in Northern California appears to be exceptional in the United States. For the most part the building trades councils, chartered by the Building and Construction Trades Department of the AFL are characteristically a center of policy decisions for all affiliated crafts, and continue to be the craft unions' approximation of an industrial union structure. Throughout the United States local unions, originating in population centers and chartered with limited geographical jurisdiction, conduct their affairs in most cases in close relationship with the building trades council of the particular county or area. The relation of the councils to the bargaining system employed varies to some extent but the characteristic system appears to be that the affiliated unions negotiate agreements separately with the local contractor association which cover a limited geographical area.⁶²

Rather than declining in importance, the building trades councils in a few cities and areas have assumed further centralizing functions. In New York City, for example, the Building Trades Council and the Building Trades Employers' Association have established within the city in the post-war period an industry wide system of collective bargaining that covers certain economic provisions for all but several building trades.⁶³ One overall negotiation

⁶² See Joseph F. Burke, "Negotiating Problems of the Building Industry," *Proceedings of the Conference on Industry Wide Collective Bargaining*, 1948 (University of Pennsylvania Press), p. 79.

⁶³ See Building Trades Employers Association of the City of New York, "Integrity, Basis of Effective Labor Relations in the Building Industry," pamphlet, 1949.

between the central employers' and unions' organizations on a somewhat similar basis as that of New York City is practiced in Cleveland, Chicago, Seattle, and Portland, Oregon. The city of Philadelphia and Vicinity Building Trades Council has negotiated for a number of years an overall agreement with the Home Builders' Association of Philadelphia and Suburbs covering and confined to the homebuilding industry. In addition the Philadelphia Building Trades Council negotiated in the post-war period a master agreement with one of the general contractor associations, but this agreement was limited to a closed shop provision and a dispute settlement provision.⁶⁴

The autonomy of local unions is circumscribed to some extent in centralized bargaining whether through a building trades council or through extensive regional bargaining by subordinate bodies of the international unions. However in the case of the status of building trades councils, it is apparent that their decline in Northern California is the product of the particular bargaining system involved and is not a necessary accompaniment of regional bargaining. The Building trades council's position has not received much attention in the literature because regional bargaining in construction is of recent origin. Bargaining structure surveys conducted in the post-war years indicate that while employer association-union bargaining predominates in the construction industry, it is confined to city, county and metropolitan areas. No cases of regional bargaining in construction were reported in a BLS survey of 1947⁶⁵ or in a later elaboration of the BLS study published in 1950.⁶⁶ Although the building trades international unions enter nationwide agreements with certain large contractors engaged in railroad, dam, road, and pipeline construction, these agreements are limited to provisions that local wages and working conditions will be observed in any project and that disputes will be submitted to the international union before local strike action is taken.⁶⁷

It was noted earlier that California is divided into two main bargaining regions. In Southern California a regional bargaining

⁶⁴ Joseph F. Burke, *op. cit.*, p. 75.

⁶⁵ Roy M. Patterson, "Collective Bargaining with Associations and Groups of Employers," *Monthly Labor Review* (March, 1947).

⁶⁶ Frank C. Pierson, "Prospects for Industry-Wide Bargaining," *Industrial and Labor Relations Review* (April, 1950), pp. 350-352, Table III.

⁶⁷ See Joseph F. Burke, *op. cit.*, p. 74.

plan which covers all branches of the industry is negotiated by joint union and joint employer committees.⁵⁸ This system, which has developed since 1941, covers the twelve southern counties of the State. While the area is geographically smaller than the 46 northern counties, it includes a larger number of construction workers. This unique combination of centralized bargaining through multi-union—multi-employer action and extensive geographical coverage also involves the participation of the ten Southern California building trades councils, two of which are directly represented in negotiations. In addition "... considerable authority, both in union-employer and interunion dealings was vested in the various local building-trades councils and their respective secretaries."⁵⁹ The Los Angeles and southern part of the State were without the traditions of well organized building trades unions and this appears to explain in part union reliance on and ability to cooperate with the building trades councils. Northern California unions had much earlier origins and apparently felt strong enough to proceed independently. However, in the Northern regional bargaining system, no central union vehicle has appeared on the regional level to replace the centralizing and unifying actions of the local building trade council and this may well be one weakness of the unions' current system.

Work Rules in the Post-War Period

In any survey, the effects of building trades' work rules are obviously subject to various interpretations. Some rules surveyed appear to have both restrictive and regulative aspects. In others, a number of rules which may be restrictive appear to result as by-products of more legitimate employer-union aims. Rules controlling working employers are a case in point—here the incidental result, although probably not the primary goal, is to restrict supply. In assessing the total effect of work rules, it is important to note that many of the crafts are relatively small and make only a minor contribution to total construction work. A restriction made by lathers on the use of a power gun, for example, would not carry the same weight as a restriction in one of the larger crafts. Among the larger crafts, the painters appear to be the main union with

⁵⁸ See Frank C. Pierson "Building Trades Bargaining Plan in Southern California," *Monthly Labor Review* (January, 1950), pp. 14-18.

⁵⁹ *Ibid.*, p. 17.

obviously restrictive rules, but even in this case the issue of health hazards means that no simple black or white criteria can be evolved.

One might expect that in a situation where approximate equality of bargaining power was achieved, restrictive rules would be modified, and the influence of the employers' stronger bargaining position does appear to have worked in this direction. In the basic trades, for example, the decision to employ foremen is left to the contractor by contract provision; guarantees are made in the agreements prohibiting limitation of production or restriction of tools, machines or labor-saving devices. Furthermore, working rules and by-laws are not made a part of the contract in contrast to the situation in a number of the specialty crafts.

However, it is difficult in these as well as other agreements to determine whether provisions specifying that there will be no limitation on the use of new tools and equipment are actually followed in practice. Contract provisions prohibiting working practices which increase the length of time required to perform work or which limit production, may in practice have no effect on long accepted customs of certain trades. In the basic trades the evidence indicates that in the main, mechanization has proceeded without restriction. In other trades, new mechanized tools have made an appearance but are not widely used. This slowness may result either because employers are slow to adopt innovations, or because the claims made for the efficiency of new tools have been exaggerated, or because the unions oppose their use.

It is significant, however, that in this strongly unionized bargaining area, the housing industry recently has been able to make important changes in the organization of the industry and in methods of erection of houses without appreciable hindrance from the building trade unions. Portable power tools which are now widely used in housing construction undoubtedly reduce the man-hour requirements on many operations. The tract housing construction techniques impinge upon the skill position of some trades, particularly carpenters, by reducing certain operations to standardized repetitive tasks performed by one crew of men on successive housing units. Neither of these changes has been impeded by craft union resistance, although the down-grading of wage rates

which might have been expected to occur as jobs were performed with less skill has not taken place.

On the whole, an examination of working rules compared to the height of the building trades unions' power in the early 1900's reveals that restrictive practices have declined in importance. One labor historian of the construction industry referring to conditions previous to 1920 noted that:

"... it is believed by many that the unions in San Francisco stepped beyond the bounds of reason in the imposition of restrictive rules upon the industry. The absence of collective bargaining was in part responsible for this condition—for the unions took it upon themselves to control the jobs. Rules limiting the number of apprentices were particularly onerous. Equally objectionable were those restricting the use of labor-saving devices and the amount of work a man might do in a day."⁶⁰

A further factor in modifying restrictive work rules has been the high level of construction activity. The entry requirements of the building trades unions are flexible enough to permit a wide variation in practice. With the expanding construction market of the last decade, entry to the trade through union membership has been possible for those qualified. But these same entry conditions could be interpreted restrictively if market conditions deteriorate and a labor surplus develops. The cyclical fluctuations to which construction is exposed have determined many of the work practices of the industry. In particular it has made job control through restriction of entry an important object of union policy. The present union unconcern with entry and certain other working rules may simply reflect construction's high volume.

CONCLUSIONS

The central factor distinguishing union-employer relations in construction appears to be the contribution which the building trades unions make to the operation of the industry. Union influences were typed in the following five sets of categories: the stabilizing influence of uniform wage rates; the reduction of uncertainty through union agreements; the provision of a skilled and experienced supply of labor; the regulation of entry and size of construction firms; the discipline of the work force. Although these union functions exist in some other industries, their total impact

⁶⁰ Haber, *op. cit.*, p. 408.

seems greater in construction than in most other spheres. Unlike some other competitive industries, however, the building trade unions have on the whole not used their power to regulate the total market for construction, but rather have primarily restricted themselves to those aspects which affect union and worker interest directly. This is not as true of a few of the small crafts, however.

The history of the San Francisco construction industry affords an unusual opportunity to illustrate, among other things, the significance of the unions to the operation of the industry. During almost a quarter of a century of union dominance the unions brought stability to the industry, but this stabilization rested upon collusive understandings between unions and contractors, centralized union organization which virtually suspended craft autonomy, and weak contractor organizations. The American Plan which followed was faced with the problem of finding substitutes for functions previously performed by the unions and so set up the Impartial Wage Board to establish minimum wages and the Industrial Association to enforce them. Enforcement of minimum rates was, however, accomplished with increasing difficulty as construction activity declined. This experience and experiment appears to have led to recognition of the unions as one agency in a strategic enough position to administer uniform conditions and perform other important functions. As a result, the establishment of collective bargaining in the mid 1930's was an achievement conducive to labor and industry stability.

Regional 46-county bargaining in Northern California is one of the major features of the post-war period. Supported mainly by the larger general contractors, this regional system has brought bargaining power between basic trade employers and unions much nearer equality than it had been in any previous period. At the same time, it has involved reduction in the importance of the powerful building trade councils and of individual locals for the basic trades. While the uniform conditions established for Northern California are superior to those previously obtainable in certain outlying areas, this may have meant the loss of superior conditions for the stronger metropolitan local unions.

In contrast to improved power through regional bargaining, the growth of the housing industry in the post-war period brought new problems of achieving employer unity in the basic trades.

Operative housebuilders are faced with economic necessities not present in construction firms producing on contract. Heavy involvement of the housebuilders' own capital in construction projects makes unified employer action difficult to achieve. Also the specialty trades, with some exceptions, have continued to bargain through their traditional urban and county organizations. One important reason is the absence of a dominating group of large employers who perform construction work throughout Northern California. Union strength in these specialty trades relative to the employers appears to be greater than in the basic trades.

The factors of stabilizing unionism, relative bargaining equality, and the construction industry's high level of activity have all contributed to the establishment in the post-war period of what can be considered a satisfactory system of industrial relations. Contract negotiations have been concerned primarily with economic issues. Despite the Taft-Hartley Act, the closed shop remained in practice. With the exception of the long strike of 1952, stoppages have not been serious in the post-war period. Even though construction cost and demand conditions during much of this period suggest that wage increases could have been passed on to the consumer with little effect on contractor profits, bargaining in the basic trades entailed no mere approval of union demands. The larger general contractors appear to be less accommodating to the economic demands of the unions than are the specialty contractors. Perhaps this results because the contractor and homebuilder are concerned with the total costs of a complete construction project and thus are more conscious of a cost-price-demand relationship than is the specialty contractor who is concerned with only a small fraction of the total project.

On the basis of somewhat inadequate data, it appears that the building trade crafts in this area have not maintained their differential over production workers with as great success as in the past. This is not exceptional for there has been a similar narrowing of wage differentials between skilled and production workers throughout the nation in the last decade. In San Francisco, which is representative of this bargaining area, wage rates in construction are below those prevailing in eastern cities of similar size. Craft superiority in wage rates is also less. A number of large eastern cities have a range between the level of manufacturing wages and

the level of building trade wages that is much wider and in some cases twice as wide as the similar range in San Francisco. Finally, when consideration is given to the skill and sex distribution and the level of annual earnings in construction, the prevailing building trade wage rates do not seem out of line.

An examination of working rules indicates that while restrictive tendencies exist, the rules are often motivated by other objectives which are proper functions of the building trades unions. There is no case, however, on the basis of the partial analysis made here, for implying that the building trades unions in Northern California are free of all significant restrictive working rules; but the distinct impression is gained that the cost effect of such restrictions has been greatly exaggerated in popular discussion.

Compared with earlier periods of weak employer organizations, restrictive work rules have diminished in all trades. The general prosperity of the area may have played an important role in diminishing these restrictions as well as other potential sources of conflict. It also appears, though, that in the basic trades where employer strength is more strongly organized than in the specialties, restrictive rules are less likely to exist.

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