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## INSTITUTE OF INDUSTRIAL RELATIONS

## BULLETIN

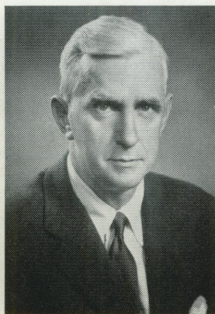
Vol. 2, No. 2 May 1959

## 1959 LABOR RELATIONS CONFERENCE

## Addresses on National Issues



Louis Sherman



Gerard D. Reilly



Ewan Clague

Three nationally known authorities in the field of labor and industrial relations have been invited to address the Institute's Annual Labor Relations Conference.

Ewan Clague, Commissioner of Labor Statistics of the U. S. Department of Labor, will speak at the opening session, May 25, on "Prices, Wages, and Productivity." Formerly Director of Research for the Social Security Board, then, Director of the Bureau of Employment Security, Clague has been Commissioner of Labor Statistics since 1946, except for a one-year period when he served as Special Assistant to Secretary of Labor James P. Mitchell.

At a luncheon meeting on the same day, Louis Sherman, a labor attorney from Washington, D.C., will speak on "Union Hiring Halls and the Federal Law." Sherman is counsel for the International Brotherhood of Electrical Workers and the AFL-CIO Building and Construction Trades Department. He is presently serving on the Senate Advisory Panel concerned with revision of the Taft-Hartley Act.

On the following day, May 26, Gerard D. Reilly, also a Washington attorney, will address a luncheon meeting on "Prospects for Labor Reform in the 86th Congress." Reilly has been: Solicitor for the Department of Labor, 1937-1941; member of the National Labor Relations Board, 1941-1946; counsel to the Senate Committee on Labor and Public Welfare in the 74th and 80th Congresses. He is presently a member of the Advisory Panel of the Senate Committee on Labor and Public Welfare.

### Arthur M. Ross to Head Special State Committee

Arthur M. Ross, Director of the Institute, has been appointed by Governor Edmund G. Brown to head a special committee on the employment problems of older workers in California.

The twelve-member committee of experts on employment and labor problems will also include the Institute's Associate Director, Margaret S. Gordon, and Benjamin Aaron, Associate Director, Institute of Industrial Relations, UCLA.

### Health Insurance Problems To be Reviewed June 25

A conference on the problems involved in providing health insurance for older workers will be presented by the Institute, June 25, in San Francisco.

Speakers will include: Nelson Cruikshank, AFL-CIO Social Security Director; Dr. Leon Lewis, an authority on chronic diseases, and Rep. Aime Forand of Rhode Island.

Further information can be obtained by telephoning THornwall 8-4642.

### Annual Meeting to be Held In San Francisco, May 25, 26

The Institute's 10th Labor Relations Conference will be held May 25 and 26 at the Sheraton-Palace Hotel, San Francisco.

In addition to three major addresses (see adjoining story), four special sessions have been scheduled.

Following the speech of Ewan Clague on the morning of May 25, Institute Director Arthur M. Ross will lead a symposium on *The Hours of Work Issue*. Guest speakers will be C. R. Bartalini, Secretary, Bay Counties District Council of Carpenters, and William H. Smith, Research Director, Federated Employers.

In the afternoon, Louis Kuplan of the State Citizens Advisory Committee on Aging will be chairman of a session on *The Older Worker in the Labor Market*. Margaret S. Gordon, Institute Associate Director, will speak on "Employment Opportunities of the Older Worker." Other addresses will be by W. Gordon Yates of McCormick & Co. on "Retirement Planning: An Industry Program" and by Benjamin Aaron of the UCLA Institute of Industrial Relations on "Employee Rights Under Pension Plans."

*Labor Relations in Public Employment* will be the subject of the morning meeting of May 26. Speakers will be: Thomas Nicolopoulos, State Mediation Service; Irving Bernstein, UCLA Institute; Edward Reith, East Bay Municipal Workers; Harry Rosenberg, Assistant to the Oakland City Manager; Robert H. Sharpe, attorney for the California State Employees Association.

The closing session of the conference will cover *State Labor Legislation* and will give special attention to the Fair Employment Practices Act passed by the 1959 Legislature. Two attorneys will comment on the state labor program: Charles Scully, counsel for the State AFL-CIO, and Arthur Mendelson, attorney for several local firms.

Fee for the two days is \$22, including the luncheon meetings; the rate for single-day attendance is \$12.50.

Further information can be obtained by telephoning THornwall 8-4642.

## CURRENT RESEARCH ACTIVITIES

Eight members of the Institute at Berkeley and three members of the Institute of Industrial Relations at UCLA have been invited to contribute to a specialized issue of the *Monthly Labor Review*.

Scheduled for publication at the end of this month, the U. S. Department of Labor journal will, for the first time since 1947, be devoted entirely to labor on the West Coast.

Clark Kerr, President of the University and an Institute Research Associate, has written a general introduction to the edition.

One of the major articles, "Changes in the Labor Force and Reasons for Immigration," has been contributed by Margaret S. Gordon, Associate Director of the Institute.

Arthur M. Ross, Director of the Institute and Professor of Industrial Relations, will introduce a special section on major practices in West Coast labor-management relations. Particular subjects to be covered are: "Association Bargaining," by Van Dusen Kennedy, Professor of Industrial Relations and Institute Research Associate; "The Trucking Industry," by R. Thayne Robson, Research Economist at the UCLA Institute; "Labor-Management Relations in the West Coast Maritime Industry," by B. V. H. Schneider, Institute Research Economist; "West Coast Arbitration," by Benjamin Aaron, Associate Director of the UCLA Institute; "The Lumber Industry," by Paul Kleinsorge, Professor of Economics at the University of Oregon.

Other major articles are: "Migratory Farm Labor," by Varden Fuller, Professor of Agricultural Economics and Institute Research Associate; "Disability Insurance," by Earl Cheit, Associate Professor of Economics and Institute Research Economist; "Health Plans," by Joseph W. Garbarino, Associate Professor of Business Administration and Institute Research Economist.

Maurice Gershenson and Miner Baker have contributed articles on shifts in the distribution of industrial employment, while Melvin W. Reder of Stanford University has analyzed changes in wage differentials.

"The Extent and Character of Unionization," has been written by Irving Bernstein, Associate Research Historian at the UCLA Institute.

## RECENT PUBLICATIONS

### Labor and Economic Development

Edited by Walter Galenson

(New York: John Wiley & Sons, Inc., 1959; \$6.75)

It has become increasingly apparent that the survival of democracy depends on the successful evolution of democratic institutions not only in industrialized nations but also in "underdeveloped" areas. It is equally apparent that the manner in which labor-management relations evolve has an important bearing on the strength of democratic institutions.

*Labor and Economic Development* is a group of essays concerned with the economic and political aspects of the labor movements of five areas: India, Japan, Egypt, French West Africa, and the British West Indies. The volume is one of the first books to deal empirically with labor problems in economic development. In an introduction, Walter Galenson summarizes some of the major conclusions which emerge from the case studies and concludes, "development planning under democratic auspices must accept as a major variable the growth of labor unions. These organizations are likely to be highly political and imbued with a radical ideology. They will inevitably impose some costs upon the community and reduce the practicable rate of investment. However, if properly handled, they perform the vital function of channeling worker protest into socially useful forms, and help prevent the subversion of democracy."

Contributors to the book are Elliot Berg, Frederick H. Harbison, William H. Knowles, Charles A. Myers, and Robert A. Scalapino. The editor, Walter Galenson, is Professor of Industrial Relations at the University of California and a member of the Institute. He is widely known for his studies of labor relations in Norway and Denmark and for *Comparative Labor Movements* (Prentice-Hall, 1952), which he edited.

*Labor and Economic Development* is one of a series of Institute studies of labor and economic development. Two earlier volumes—*Work and Authority in Industry* by Reinhard Bendix (Wiley, 1956) and *Economic Backwardness and Economic Growth* by Harvey Leibenstein (Wiley, 1957)—are parts of the same project.

### Institute Reprints

**1937: The Turning Point for American Labor**, by Walter Galenson (No. 120). Originally published in Copenhagen, this article is a brief, readable summary of the factors which led to the unionization of heavy industry in the United States in the 1930's and to the subsequent alteration of the country's basic power relationships.

**Austrian Labor's Bid for Power: The Role of the Trade Union Federation**, by Charles A. Gulick (No. 121). In discussing the goals and tactics of the Austrian Federation of Trade Unions since its creation in 1945, the author documents his belief that Austrian labor's primary purpose, now as in the First Republic, is the attainment of political power, but that concern with political goals has not been accompanied by neglect of collective bargaining responsibilities.

**The Prospect for Wages and Hours in 1975**, by Clark Kerr (No. 122). With special reference to wages and hours since World War II and possible future trends, Dr. Kerr deals with four major questions: How many hours do members of the labor force work; and do these hours yield a reasonable balance between the desire for income and the desire for leisure? Is the wage structure developing in an effective and equitable manner, considering the stage of economic development of the economy? What are the level and the trend of real wages? How close is the relationship between changes in money wages and productivity?

**Do We Have a New Industrial Feudalism?** by Arthur M. Ross (No. 123). The author challenges the currently popular view that the labor force is being immobilized by the attractions of seniority and negotiated fringe benefits to the point where adaptability and flexibility of the labor force are being sacrificed. Dr. Ross demonstrates that the weight of evidence is strongly to the contrary, and that while some of the premises of the immobilization theory are valid, they do not add up to the stated conclusion.

**The Economic Significance of Automatic Wage Adjustments**, by Joseph W. Garbarino (No. 124). In an analysis of the results since 1948 of automatic rather than sporadic adjustment of wages, Dr. Garbarino concludes that so long as automatic wage adjustment systems are partial in coverage, they probably add to the inflationary potential of wage policy.

## BARGAINING FOR WORKERS AS CONSUMERS

by Joseph W. Garbarino

(NOTE: Most of this material is from a forthcoming book by Dr. Garbarino, *Health Plans and Collective Bargaining*, to be published by the University of California Press in 1959.)

Since World War II the system of wage payment in American industry has been growing more complex. In addition to direct wages for time worked or for output produced, many workers' incomes now include an impressive collection of fringe benefits. Some of the "fringes" simply involve more money and are a straightforward part of wage income.

Another and more interesting type of fringe benefit attempts to provide a specific form of service through collective bargaining. Instead of receiving a money payment that can be spent for any one of the hundreds of items in his budget, the worker is paid a monetary allowance geared to the cost of securing a specific item such as medical or dental care from his own doctor or dentist.

The reason that this second type of benefit is of special interest is that it brings the unions into a situation that previously involved only the worker as a buyer and the doctor as a seller of services. The new activity of the union as the bargaining representative of the worker as a consumer has become important only in the past 15 years.

### Bargaining with the seller

Of course, in such matters as price control, the unions have long seen themselves as the defenders of the worker as a consumer. The significance of the new development is that the union often finds itself trying to bargain directly with individuals or organizations supplying certain services or even trying to organize the production of such services. This is quite different from attempting to acquire leverage in the legislatures in order to influence the administration of laws. As a result of this trend we now have something approaching collective bargaining with the organizations in the medical care and insurance industries.

Before the new relationships could develop, some part of the wage package had to be earmarked for a special purpose that could become the focus of attention. The introduction of health insurance as a collective bargaining issue has provided the major opportunity.

One of the outstanding examples of the consequences of this development is evident in the activities of the Welfare and Retirement Fund of the United Mine-workers. In addition to providing hos-

pital care, the Fund sponsors the entry of new doctors into mining communities, encourages the establishment of new group clinics, polices the practice of surgery by participating doctors, bargains over fee schedules, and maintains rosters of doctors eligible to receive benefit payments from the Fund. The Fund has become involved in complicated relationships at all levels of organized medicine and has engaged in running battles with not a few county and state medical societies.

### Spread of medical centers

Another form of union activity in medical care has been the organization of medical centers under labor sponsorship. Examples are the Labor Health Institute sponsored by a Teamster local in St. Louis, the New York Hotel Trades Council and Hotel Association Health Center, and the Medical Service Plan of Philadelphia, sponsored by the central labor council of that city. Similar centers have been proposed in the San Francisco Bay Area by the San Francisco Labor Council and, recently, by a group of unions in Sonoma county. In their operation these centers do not involve collective bargaining with the medical profession, but their existence furnishes unions with an alternative to dealing with individual doctors and provides a way of putting pressure on medical organizations and insurance carriers in order to gain concessions.

The great majority of workers in negotiated health plans are covered by commercial insurance or Blue Cross-Blue Shield types of plans. In California and the Bay Area there has been a great deal of informal bargaining on these plans. The usual union approach is to attempt to negotiate an agreement with local medical societies to the effect that no member of the society will charge fees in excess of a specified schedule. When this tactic fails (as is usually the case), the unions have attempted to bypass the societies by asking individual doctors to agree to limit their charges to a schedule of fees in return for being included on a "panel" of approved doctors. A number of individuals and groups have tried to develop a more or less united front among several unions for negotiations with the state and county medical societies. These tactics have not been successful in establishing continuing or formal bargaining relationships, but they have been important factors in the development of state and county fee schedules, in raising income ceilings in California

Physicians Service and in pressuring Blue Cross and CPS into the practice of experience-rating separate insurance groups.

In recent years a number of unions have included dental benefits in the fringe package. As a result a similar situation seems to be developing in this field.

In Los Angeles the Culinary Workers union has set up a comprehensive dental program for its members based on a version of the health center approach. In this case the union has contracted with a group of dentists to furnish dental care to its members under special financial arrangements.

The ILWU in conjunction with the Pacific Maritime Association has developed a more elaborate dental care system for the children of its members in all West Coast ports. The ILWU started in 1954 with a plan that combined the dental group practice approach with a pioneer commercial insurance dental program. The worker was given a choice of enrolling his children with the group practice plan or of going to his own dentist and receiving a cash reimbursement. Subsequently the ILWU negotiated with state dental associations in all three Pacific Coast states and, as a result, the nation's first statewide dental service corporations were established. These groups are sponsored by the dental associations in Northern California, Washington, and Oregon (the "state" association in Southern California has not participated), and are similar in concept to the Blue Shield medical service corporations.

Although interest in dental programs is widespread, their growth has been slow.

### Optometric service

Other areas of professional service show signs of developing similar programs. The California Optometric Association organized the first state optometric service corporation, California Vision Services, in 1957. CVS is vigorously promoting the inclusion of optometric service in union health plans.

The Los Angeles Culinary Workers have worked out a prepaid legal service plan for their members.

In all, it appears that the years to come will see a continued spread of the techniques of collective bargaining into relationships other than those with employers, with the unions functioning in a dual role representing their members both as producers and as consumers.



# ITEMS OF INTEREST . . .

## Conference for Trainmen

About 50 delegates are expected to attend a two-day Institute training conference for Western Lodges of the Brotherhood of Railroad Trainmen in San Francisco on May 6-7.

Scheduled discussion topics include: "Problems in Railroad Labor Legislation," "Operation of the Taft-Hartley Act," "State Labor Legislation," "Developments in Workmen's Compensation," and "Practical Psychology for Union Officers."

## IR Alumni Elections

Peter E. Josephs has been elected president of the Institute-sponsored Industrial Relations Alumni Association.

Josephs, a student in the Certificate of Industrial Relations program, is recording secretary of Local 302 of the Milk Drivers and Dairy Employees Union and chairman of the education and publicity committees of the Milk Drivers Credit Union.

Eleanor McGahie, personnel relations coordinator for the San Francisco Retailers Council, was elected vice president of the IRAA. Miss McGahie is a Certificate graduate.

The new secretary-treasurer will be Robert Millikan, a teacher at Hayward Union High School and also a Certificate graduate.

## Supervisors Forum

On May 2, approximately 100 Bay Area management representatives attended the 6th Annual Spring Conference of the Supervisors Forum.

An introductory address was made by B. F. Butts, vice president-production, Cinch Manufacturing Company, Chicago.

First-line management problems were discussed at sessions led by: G. C. Henry, manager of employment and labor relations, California Packing Corporation;

Paul M. Magoon, director of employee relations services, California Metal Trades Association; and J. E. Dittus, director of quality control, Joseph T. Ryerson & Son, Inc., Chicago.

Conference chairman was D. J. Moothart, Longview Fibre Company, Oakland.

## Teachers' Training Sessions

The Institute's 4th Annual Training Conference for the American Federation of Teachers, AFL-CIO, will be held August 3-7 on the Berkeley campus.

As in previous years half the conference will consist of a one-unit course offered through the School of Education. The course this year will be concerned with the preparation of students for careers, and will be given by Martin Trow, Assistant Professor of Sociology and Education.

Other sessions will cover such topics as school finance, school legislation, collective bargaining, and trade union philosophy.

## Chemical Workers Seminar

A two-day seminar for officers and shop stewards of the International Chemical Workers was given by the Institute on April 25-26.

Included in the program were speeches by Arthur M. Ross, Director of the Institute, on "Problems and Procedures in Arbitration"; Earl Cheit, Associate Professor of Economics, on "New Ideas in Collective Bargaining," and Henry Todd, San Francisco attorney, on "Problems in Workmen's Compensation."

## Second Personnel Workshop

"Testing and Interviewing in Employee Selection and Appraisal" was the subject of the second Personnel Workshop held March 18 in San Francisco.

Barbara A. Kirk, Counseling Center manager, worked with the Institute in

## Philip Taft's Third Lecture To be Given on May 6

Philip Taft, Professor of Industrial Relations at Brown University, will give the last in a series of public lectures on the Berkeley campus at 4:15 p.m., May 6, in 22 Warren Hall (former Public Health Building).

An internationally recognized authority on the history of the American labor movement, Dr. Taft is currently a Visiting Professor at the University and an Institute Research Associate.

Dr. Taft's final lecture will deal with "American Labor: A Look to the Future." Previous talks covered "Racketeering and Corruption" and "Turning Points in American Labor History."

The series is sponsored by the Institute in cooperation with the University Committee on Drama, Lectures, and Music.

## Institute Coordinator Resigns to Practice Law

Virginia B. Smith, Coordinator of Public Programs for the past four and a half years, will leave the Institute on July 1 in order to take up the practice of law.

A member of the bar in both California and Washington, Miss Smith will be associated with Sam Kagel, San Francisco labor attorney and arbitrator.

developing this and the earlier workshop program.

Suggestions made in evaluation questionnaires completed by workshop participants show strong interest in further study and analysis of personnel techniques. In line with these suggestions, development of a short course in tests and testing procedures is being considered. Problems in salary administration may be the subject of a similar series in the fall.

Comments and program suggestions would be welcomed by the Institute staff.

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