

THE ECONOMIC CASE FOR ONE UNION IN THE PACKING INDUSTRY

United Packinghouse Workers of America (CIO). Research Department, <sup>MJD</sup> <sup>1954.7</sup>

Foreward

The discussion which follows was prepared in May, 1953. It tries to bring together the most important economic reasons for one union in the packing industry. The writer is convinced that this basic economic case for unity is, if anything stronger now than it was in May, 1953.

This is for two main reasons: First, the national economic situation, with unemployment and part-time scheduled to become worse in 1955, will make the overall collective bargaining position of Big Business (including the pattern making Big Fours) even stronger; Second, the governmental policies, in the Eisenhower Administration and in many states, are becoming increasingly anti-union.

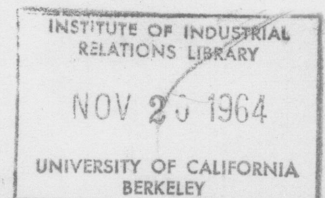
To checkmate these threats and then to build for a better world for the common people, a unified labor movement must be forged. For us, this means even more than A.F. of L. - C.I.O. merger. It also means closing up ranks and a unified organization among all workers in packing and allied industries.

Lyle Cooper,  
Research Director, UPWA-CIO

Persuasive economic reasons exist for the existence of only one union in the meat packing industry. Each of these reasons, taken by itself, is often duplicated in other industries. But take all of the factors or reasons in combination, and you have what I am certain is an overwhelming case for the conclusion that two or more competing unions in packing are very harmful to the workers' interest. This condition is good only for the companies and their stockholders.

I want to set forth quickly what these main economic factors are. Then I shall cite the experience of our 1948 strike to show how they worked against us in practice.

First, as we all know, the big packers are organized into one big union -- the American Meat Institute. To be sure there are a lot of medium sized and small "independent" packers in the same organization. Really, however, they are dependent on the big packers. The packers therefore -- big and small -- stick together pretty tightly -- particularly on policies of dealing with unions.



[Chicago, May 15, 1953]

For instance, in 1948, we know that Armour took quite a beating -- so much so that its profits looked sick not just in 1948 but for more than two years thereafter. In contrast, Swift was hurt financially very little by the 1948 strike. But this important difference did not cause Armour to desert Swift during the strike. The same held true of the other big packers -- they all stuck together.

Centralization of financial control, I believe, explains this unity among the big packers. But whoever and whatever pulls the strings to maintain such unity, it is there. And it is an extremely important fact of life as it affects the workers in packing.

Second, along with this centralization of financial control and labor policy, you have widespread decentralization of production. Changes in transportation -- mainly the truck -- have induced the packers to spread out their plants over the entire country with closeness to livestock supplies the most influential consideration. Historically, this decentralization movement is typified by the very marked decline in the complete dominance Chicago once had as a packing center.

Decentralization in packing works out in various ways. One of the most important is the "chain" set-up maintained by the big packers. To an important degree, this chain feature enables a packer to shift production -- to reduce slaughter at one or more centers and/or to step it up at others -- as the top management decides. The potential is thus present for checkmating a strike, when some plants are struck and others are not. The same situation exists, to the degree that a big packer is able to obtain supplies from so-called "independent" companies or custom slaughterers.

Tied in with this condition of decentralization is the whole system of shipping and distributing meat through branch houses and otherwise.

Third, another decisive reason in support of the economic case for one union in packing is the marked overcapacity which characterizes the industry as a whole and also many individual plants. In large part, this condition probably exists as a result of providing plants large enough to meet peak seasonal slaughter and production. In part, too, overcapacity is because a lot of old and often obsolete plants and equipment are kept going side by side recently built and up-to-date plants.

The practical effect for us is that where a company or a big segment of the industry is struck, any plants which are not struck can quickly shoot up production -- by working 60 hour weeks and up; by building up gangs and even -- potentially -- by starting additional shifts.

When this feature of overcapacity can be dove-tailed with decentralization, then the packers have a method of defeating a strike that presents a hard problem to solve.

Fourth, the shortness of the production cycle in much of the packinghouse operations is a feature in the industry which works to the advantage

of the management. The extreme case is illustrated by the slaughter of a steer today which can leave the plant in a few days -- or even less. Therefore, if production is kept going at all, meat can get out to the consuming public in a relatively short time. The disassembling process in packing is in sharp contrast to the elaborate fabrication and assembling which goes on in many manufacturing industries and where work stoppages may cause much greater delays in getting operations back to "normal" than would be the case in packing.

Fifth, coupled with this relative shortness of the production cycle is the big percentage of workers at or near the common labor classification. Putting aside the question of whether workers are properly classified, we all know that many jobs in packing are relatively simple.

This means that packing managements look upon much -- though not all, by any means -- of the work force as replaceable. The significance of this fact has been somewhat obscured in recent years during which labor shortages have existed much of the time and in many centers.

But the high labor turnover rates, much of it due to layoffs, point to the fact, that the managements don't feel so "dependent" on labor in packing -- at least, for a large proportion of the workers -- to the same extent as they do in many industries.

Sixth, for short periods of time and under certain conditions, the amount of meat a packer carries in storage may tide him over a strike period. Normally, storage would only meet customers' demand for a few weeks -- and this would also hold for the meat supply of the whole country.

While this stored meat is not a decisive factor, it can be quite a nuisance. Under certain conditions, if the packer can mark up prices on meat in storage when a strike occurs, these extra profits may largely offset the cost of the strike to the company. Of course, this would be contingent on the strike being important enough to affect meat supplies and the continued ability of the packer to ship and distribute his stored meat. But after a few weeks this ability would cease -- unless the company could get supplies from other packers or custom slaughterers.

This is exactly what even a packer like Armour did to an important extent in the 1948 strike -- even though the UPWA had succeeded in closing most of its leading plants and keeping them closed.

Considerations such as these bring us to the point where we can now examine the 1948 strike, in the light of the economic factors I have outlined, and possibly of others that I have omitted to mention.

For there can be no doubt, whatever the relative importance of these factors may have been in 1948 -- both in the overall impact of the strike nationally and its relative impact from packing center to packing center -- that that strike proved to the hilt that the UPWA was not then

and is not now strong enough to overcome the terrific handicap arising from the economic advantages the packing companies possess. The only way a labor union could pull up even with the packers and give them a real run for their money -- and win out, too -- is for one united union to meet their unified organization.

There are many more things that could be said, as to their economic meaning, in the light of the 1948 strike experience. But I believe the basic features I have listed -- centralization of control, decentralization of production, overcapacity and the other factors named account for the strike results in so far as its affect on production were concerned.

It is generally agreed, I am sure, that the strike was unavoidable on organizational grounds and that, when so measured, the packers failed to win the outcome they had hoped for -- since they expected to smash our union. Also, recall that in the Butcher Workers' attempted raids which followed the strike, our membership stood fast and beat off those raids: another proof that immediate economic results are not invariably and always the last word in a given time and situation.

But, in the long pull, economic influences are almost certain to be decisive. And that is the situation we are increasingly faced with today.

It is no secret that too many of our membership, although standing fast, and remaining loyal to the UPWA after the 1948 strike, are timid to the point of being jittery at the very thought that a particular action or policy may lead into another prolonged strike. In a certain sense, they are correct: as organization today exists in packing -- with a competing two, or if you like, three ring circus -- we cannot present the kind of solid front to the big packers that will win battles. The packers know it -- and, even more important, the members know it.

But while understandable, this makes for anything but a strong, healthy, militant union. Otherwise, how did it come about, for example, that not long ago several of our branch houses were won over by the Butcher Workers in the New York area? Only 50 members or so were involved, but what happened is symptomatic of something that must be cured. The defeatism engendered by the '48 strike had no small part in this loss.

The only real cure is to bring the Butcher Workers and the UPWA together in one organization. With unity on that major front, the job of mopping up Swift's company union would be much simpler -- and easier.

Is there anything in the economics of this situation which leads to the same conclusion as far as the Butcher Workers are concerned? Obviously, yes. To the extent they are in packing -- and, like it or not, they are in to a considerable extent -- they are confronted by the same handicaps that face us: Actually, more so -- since their membership in packing is mainly concentrated in the smaller companies.

Imagine, if you will, these blue colored areas on the charts, where output went up so much during our 1948 strike, trying to carry through a strike! Even throw in the East Coast and the West Coast, for good measure -- areas where the Butcher Workers have a good-sized membership. Still, they could tie up production in the packing industry as a whole even much less than we succeeded in doing during April 1948. The basic economics of the situation are against them even more than they are against us.

Finally, and in closing this particular phase of the discussion, let me call attention to something that is implicit in much of what has been said on the economic case for one union in packing. It is that the division of organized strength between the UPWA and the Butcher Workers in itself has become an economic obstacle facing all packinghouse workers. The seriousness of this barrier to economic improvement has been somewhat obscured in recent years because of the "full employment" we have been experiencing -- or, from the packer's point of view, by "labor shortages". This condition reduces the bargaining advantage the packers would otherwise have.

But we cannot look forward to and depend on "full employment" indefinitely. In fact, there are plenty of signs that a change is coming on this front.

This, as well as the other reasons I have outlined, provides a new urgency to bring about unity in the ranks of all packinghouse workers -- to bring them into one union. In taking such a step we would be setting an example that ought to be followed by the labor movement as a whole -- and, basically, for the same economic reasons as affect us.

###

Research Department, UPWA-CIO  
May 15, 1953

December 27, 1954

ECONOMIC CASE FOR ONE UNION IN PACKING --  
DEVELOPMENTS OF THE PAST YEAR

THE "RECESSION" MAKES AN EVEN STRONGER CASE FOR ONE UNION IN PACKING:--

1. The smaller and weaker companies are being wiped out, bought up or merged at a rapid rate. Outcome of this is to give the biggest companies even more of a top dog position than they had before. Unless packing counters this concentration and merger movement which is taking place on the business side of the fence, it will become relatively weaker than it was before. Therefore, merger and greater unity on the company side makes necessary merger and unity on our side.

The Cudahy case, correctly understood, makes the case for merger an even stronger one. Whether it was poor management, badly located and/or old-fashioned, high cost plants or any other reasons, we see in the Cudahy experience that size alone (until recently it has been number four in the industry) is no guarantee against slipping back and losing ground. The same thing can be said about a labor union. Specifically: what happened to Cudahy could happen to either the Butcher Workers or the UPWA.

Let's draw the parallel closer. We have been working "cooperatively" with the Butcher Workers in negotiations and, on the whole, the arrangement has been good for both unions. The same holds for the "no raiding" agreement.

Now, while Cudahy has been a member of the Big Four, if anything, it has certainly worked in closer harmony with Swift, Armour and Wilson than we have with the Butcher Workers -- not only during collective bargaining negotiations but also in maintaining a "no raiding" policy on paying farmers for their livestock and charging retailers for meat and other products. Yet, when the overall economy slipped back only a mere 10 percent, it seems to have knocked Cudahy for a loop.

The measures Cudahy has taken to get on its feet -- closing down four major plants and a lot of branch houses -- simply serves to make the case for labor unity all the stronger. Because Cudahy's way of "saving" itself is mainly at the expense of its workers in the plants.

2. Such improvement in business as may take place will not solve the problem for labor. This is made clear in even the most "optimistic" forecasts of the pickup which is seen for 1955 and later. Because all of these forecasts indicate that while profits and business volume may become "better", unemployment will at least remain at its present

high level and is actually likely to increase somewhat.

For obvious reasons, this fact of unemployment at a continued high volume is not played up even in the business press or on the financial pages of the newspapers. Just as obviously, this is a prospect that business likes; because large-scale unemployment is expected to weaken the bargaining position of the unions.

Chances are that business will not be as "good" as the forecasters profess to expect. And if this happens unemployment will be even worse, and the pressure on wages and conditions even stronger. But the main point for us is that, either way, the need for a stronger and more unified labor movement becomes greater than ever. To repeat, this is the prospect for the next year or more. After that, conditions are just as likely to get worse rather than better.

To make all this more concrete: suppose the big packers decide again -- as they did in 1948 -- to have a showdown, figuring that this time they can really bust the UPWA. There are always excuses handy that they could pick up as a club with which to try to beat us to death -- for instance, job loads or incentives, or both together. The big thing they would be betting on is unemployment, hungry workers -- with a tougher NLRB and Taft-Hartley than was the case in 1948 and new "anti-subversive" laws on the books to backstop the big packers. You don't have to let your imagination range far before you realize that a repeat performance of the 1948 experience could easily have a different and much worse out-come. This is stated, having the UPWA solely in mind.

3. What about the Butcher Workers. On paper, mainly because they have a fatter treasury, it might appear that the Butcher Workers are in a much stronger position than we are to meet a nation-wide strike test. But we only have to remind ourselves of two things: first, that among the key big packers they do not have anything like the strength of the UPWA and, second, that because of this weakness with the big packers, the Butcher Workers are not able to bring up their "reserves" in the form of the meat cutters in the stores to help out their packing membership in any strike they might otherwise get into. So, for this reason -- aside from any others that may exist -- the meat cutters are not permitted to enter "entangling alliances" with packing-house workers -- anyway, not of a kind which involve any great risk in taking on the big packers.

Therefore, Butcher Worker "strength" remains on paper. This is aside from the fact that even their "fat" treasury would not last long in a real fight. As with us, the unemployment prospect coupled with the existing anti-labor legislation, stacks the cards even more against this AFL union.



# ADDITIONAL REASONS WHY THE BUTCHER WORKERS NEED TO MERGE WITH THE UPWA:-

Besides the situation just sketched which points up the inability of the Butcher Workers to strike the packers -- or to fight back against any all-out attack of the packers against the AFL packing membership -- there are other strong practical reasons why the Butcher Workers are seeking a merger. It is important to grasp these reasons, because otherwise there may be too much of a tendency to assume that their leadership is solely motivated by a desire to swallow up the UPWA in order to have still more dues rolling in for a still bigger treasury. Here are some of these additional reasons:

1. By the Butcher Workers' own estimate there are 50,000 unorganized meat cutters, mostly in "independent", relatively small stores. At present the main membership of the meat cutters is in the big chain stores. Incidentally, wages in the unorganized stores average \$40 per week as compared with \$75 per week in the chains. This difference in wages serves as a standing threat to the wages and conditions meat cutters have where they are organized. Big point here is that with one union in packing, it would become entirely practical to mop up on this non-union condition in the stores and remove the threat which now exists for the organized meat cutters. But under present conditions the Butcher Workers have clearly reached a dead-end, organizationally, in this sector. (For the figures cited above, together with some -- but not all -- of the interpretation given here, see editorial in the Butcher Workman, January, 1954 entitled "Independent Stores".)
2. The Butcher Workers are much concerned about the growth of self-service which is mainly taking place in the chain stores. Even where the cuts are all prepared on the store premises, the net effect must be to reduce the number of jobs and manhours. The union has fought a rear-guard action on this matter, but even in places like Chicago where it held out longer than in most places, self-service is becoming more and more common -- especially in the super-markets which are doing a bigger and bigger proportion of the meat business at retail. (The worry of the Butcher Workers over this threat is made clear in an article entitled "Housewife Prefers Service Meat", Butcher Workman, July, 1954, p. 19. In this article, it is claimed that "only 22 percent of the housewives prefer self-service", but between the lines it becomes evident that the union is much concerned about this development. Also, this 22 percent "preference" was based not only on a survey which is now over a year old but -- more important -- there is every indication that self-service is spreading rapidly, irrespective of "housewife preference". Here, as in other ways, chances are the housewife will be "educated" the way the stores prefer.)
- 3 Preparation of fresh meat cuts in the packinghouses is probably the biggest threat of all to the meat cutter membership of the Butcher Workers. As long ago as 1945 the packers' trade journal, the National Provisioner carried an article by Ruth Early entitled "Swing Toward Packaged Meat Buying Dooms Butcher Shop, Food Men Say". (issue of June 6, 1945)



(14)

The fact that this prediction made nearly ten years ago, has not come true, does not remove the big threat contained in this development. The practice has grown and it will grow much more. It means a shift from the store to the packinghouse in the preparation of cuts -- whether in uncooked or in cooked form. It is understandable why the Butcher Workers do not deal with this threat extensively in their own publications, but there can be no question that the more farsighted among them are plenty worried about what has already happened and what is in the cards.

Thus we see that the case for merger, on economic grounds, is strong from the standpoint of the Butcher Workers as well as ourselves. On the one hand, they are weak in packing -- especially at the main center of the industry, among the big packers -- while on the other hand, among the meat cutters where they are strongest we observe that they are more and more forced into a defensive position. For their own special reasons, they need one powerful unified organization that reaches across all branches of the meat industry.

All of this is worth looking at closely, otherwise we may get too much in the frame of mind of believing that the main case for merger centers in the situation confronting the UPWA. But this is a two-way street toward merger. The one-way streets each union is now following are leading into blind alleys.

It need hardly be spelled out in detail that once we get the meat industry union problem under control, through merging into one unified organization, we will then be prepared to "go places" in other areas of the food industry: canning, confectionery, as well as taking care of such problems as now confront us in the rapidly growing poultry house end of packing and in vegetable and fruit packing -- not to speak of field operations.

---

Research Department, UPWA-CIO  
Lyle Cooper, Research Director  
December 27, 1954