

INDUSTRIAL RELATIONS CONFERENCE

Annual Meeting to Be Held May 25, in San Francisco

The Institute's annual Industrial Relations Conference will be held from 9:30 a.m. to 8 p.m., Friday, May 25, at the Fairmont Hotel in San Francisco.

Four major speakers and two panels will deal with the latest developments in collective bargaining, labor law, and government policies and actions.

The conference will open with an address by Benjamin Aaron on "The First Two Years of Landrum-Griffin." Aaron is Director of the Institute of Industrial Relations and Professor of Law at UCLA, a member of the advisory committee to the U.S. Office of Automation and Manpower, and President of the National Academy of Arbitrators.

The Future of Work

A panel discussion titled, "The Future of Work," will follow, moderated by John F. Henning, Director of the State Department of Industrial Relations. The possible future for jobs, management policy, and unions will be considered by three participants:

Louis E. Davis, University Professor of Industrial Engineering; Dale Yoder, Director of the Division of Industrial Relations, Stanford Graduate School of Business; Joseph T. DeSilva, Executive Secretary of the Retail Clerks Union, Local 770, Hollywood.

William E. Simkin will speak after lunch on "The Role of Government in Collective Bargaining." Simkin is Director of the Federal Mediation and Conciliation Service and a former arbitrator for several national companies.

Wage-Price Policies

A panel will follow: "Do We Need a Wage-Price Policy? Have We Got One?" The participants will be: Joseph W. Garbarino, University Professor of Business Administration; Harry Polland, a San Francisco labor economist; and William H. Smith, Executive Vice President of the Federated Employers of San Francisco.

After a break, the conference will reconvene to hear Arthur M. Ross, Institute Director, University Professor of

Four Major Addresses to be Given



Benjamin Aaron



William E. Simkin



Arthur M. Ross



John T. Dunlop

Institute Receives \$400,000 Ford Grant To Study Unemployment Problems

The Ford Foundation has awarded the Institute \$400,000 for a four-year study of unemployment.

Persistently high unemployment over the last few years and the possibility of its continuing in the future are problems which represent major challenges to the economy.

Such factors as automation and the boom in youthful entrants to the labor

force have important implications for industrial relations and collective bargaining as well as for national economic policy.

For these reasons, the Institute has planned a large-scale research program which will get under way this fall. The project is based on the premise that persistent unemployment is leading to policy approaches, both public and private, with which there has been little previous experience in this country.

A planning committee has agreed that 15 interrelated studies are necessary—some designed to provide better guidelines for the development of policy and others to provide the basis for clearer formulation of employment goals and more accurate prediction of labor market trends in the next decade or so.

Twelve University economists and one sociologist will participate in the program. Participants from the Institute staff will be: Joseph W. Garbarino, Margaret S. Gordon, Ida R. Hoos, Paul Jacobs, Arthur M. Ross, George Strauss, and Lloyd Ulman.

Specialists from other institutions are expected to take part in certain phases of the project. Several dissertation scholarships, fellowships, and research assistantships will also be granted.

The entire project will be coordinated by Ross and R. A. Gordon, chairman of the Economics Department.

Industrial Relations, and arbitrator for North American Aviation and the United Auto Workers. Ross will consider the question: "Is Collective Bargaining a Success?"

At 5 p.m. a reception will be held, followed by dinner. John T. Dunlop will speak on "Industrial Efficiency and Job Security." Dunlop is Chairman of the Economics Department at Harvard, a member of the Presidential Railroad Commission, and a member of the Independent Study Group on National Labor Policy.

The Industrial Relations Conference is open to all interested persons. The fee for the whole day, including lunch and dinner, is \$12.

Further information may be obtained from William E. Rogin, Institute of Industrial Relations, 201 California Hall, University of California, Berkeley; THornwall 8-4642.

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CURRENT RESEARCH ACTIVITIES

Philip Selznick, Professor of Sociology and a member of the Institute research staff for many years, has been appointed Chairman of the new Center for the Study of Law and Society on the Berkeley campus. Supported by grants from the Russell Sage Foundation and the Meyer Research Institute of Law for an initial three-year period, the Center will develop a program of research into the nature of the law and its social, political, and economic settings. Selznick is currently completing work on his study of job rights and due process in modern industry, which is to be published under the auspices of the Institute of Industrial Relations. An article based on this study appears in the May 1962 issue of *INDUSTRIAL RELATIONS*.

* * *

Clark Kerr will serve as chairman of a series of nine sessions dealing with productivity at the next meeting of the International Economics Association, to be held in Vienna, August 30 to September 1, 1962. Kerr has also been responsible for arranging the program for these sessions, which will include papers and critical comments by participants from Australia, Canada, England, France, Hungary, India, Italy, Japan, Poland, the Soviet Union, Sweden, Turkey, and the United States. Walter Galenson, Professor of Business Administration and member of the Institute research staff, will deliver one of the papers.

* * *

Lloyd Ulman is on leave of absence for the present academic year to serve as a senior member of the staff of the President's Council of Economic Advisers.

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Paul Jacobs, journalist and Director of the study of Labor in a Free Society which is nearing completion under the auspices of the Fund for the Republic, joined the Institute staff on a half-time basis on May 1, 1962. He will undertake a study of the displaced worker, with a particular view to determining whether today's unemployed and their families are experiencing different problems from those found in studies of unemployment during the thirties. This project will be one of the 15 studies which will be conducted under the Institute's Ford Foundation grant for research on Unemployment and the American Economy. (See page 1 for information on the grant.)

INSTITUTE PUBLICATIONS

BOOKS

Scientists in Industry: Conflict and Accommodation

By William Kornhauser, with the assistance of Warren O. Hagstrom (Berkeley and Los Angeles: University of California Press, 1962; \$6)

Rapid growth in the number of salaried professional workers is one of the striking features of a mature industrial society. One of the main factors responsible for this trend, of course, is the tremendous expansion of research in industry and government, which has created a rapidly growing demand for persons trained in the professions, particularly in the physical sciences and engineering.

What problems does this development pose for the large-scale organizations which conduct research and for the scientists who work for them? To what extent do conflicts arise between the needs of the organizations for prompt and usable results, on the one hand, and the aspirations of the scientists for high professional standards and some degree of independence in their research, on the other? These are the central questions with which Professor Kornhauser is concerned in this study based on interviews with both research and management personnel in nine large organizations with substantial research activities. In the course of exploring these issues, he deals with such problems as the goals of professional workers in industry, the organizational controls imposed on them, the role of professional associations and unions, and the extent to which the attitudes of professional workers are molded and changed by the organizations for which they work.

REPRINTS

Industrialism and World Society, by Clark Kerr, John T. Dunlop, Frederick Harbison, and Charles A. Myers (No. 162). In an article published in the *Harvard Business Review*, the authors present some important and original conclusions regarding the course of industrialism and its effect on future world society.

Private and Governmental Plans for the Adjustment of Interunion Disputes: Work Assignment, by J. Keith Mann and Hugh P. Husband, Jr. (No. 163). A paper concerned with early and recent attempts by labor and government to resolve and prevent jurisdictional disputes.

Change and Controversy in Recent American Sociology, by Seymour Martin Lipset and Neil Smelser (No. 164). Reflecting on American developments over the past several decades, the authors consider some of the problems created by the rapid growth of an intellectual discipline.

Industrialism and Industrial Man, by Clark Kerr, Frederick H. Harbison, John T. Dunlop, and Charles A. Myers (No. 165). The authors describe the features of industrialization which are common to all nations, analyze the different roads to industrialism and the types of "elite" likely to assume leadership, and, in conclusion, make predictions as to the form of industrialism that will finally emerge.

Swedish Trade Unions and the Social Democratic Party, by Donald J. Blake (No. 166). Taking a critical period in Swedish labor history, Blake tests, and finds faulty, the popular view that the development of union-party relationships is a process in which successful unions free themselves from party domination.

Rise of the Labour Movement in Jamaica, by O. W. Phelps (No. 167). A short history, covering: early legislative gains (1919-1934), the mass labor revolt of 1938, the rise of W. A. Bustamante, the establishment of trade unions, and the role of labor in politics and government (1939-1958).

Why the American Labor Movement Is Not Socialist, by Walter Galenson (No. 168). In an article reprinted from the *American Review*, Galenson describes past attempts to radicalize American labor and then discusses the basic economic, social, and political features of American life which have molded the present system.

A Study of Perceived Need Satisfaction in Bottom and Middle Management Jobs, by Lyman W. Porter (No. 169). Using data obtained by questionnaire, Porter investigates two specific problems: (a) perceived *deficiencies* in psychological need fulfillment, and (b) *importance* attached to types of psychological needs.

Work and Patterns of Retirement, by Margaret S. Gordon (No. 170). A chapter from *Aging and Leisure: A Research Perspective into the Meaningful Use of Time*, in which the author analyzes recent employment and retirement data and comments on possible future trends.

(Single reprints free; additional copies, 20 cents each.)

THE PROBLEM OF WAGE POLICY

Joseph W. Garbarino

(A study of Wage Policy and Long-Term Contracts by Professor Garbarino will be published by the Brookings Institution this spring.)

In recent years, as the American economy has appeared to be losing some of its postwar buoyancy, there has been a growth of interest in questions of economic policy, particularly the question of an over-all wage policy. The recent report of the Council of Economic Advisers contains a section on "guideposts" for wage behavior that represents probably the most detailed discussion of this subject to appear in a comparable document.

There are several reasons for the increase in attention to wage policy. The very notion of a "policy" implies that wage behavior is the result of a decision-making process in which there is a substantial measure of choice among alternatives. For almost a decade after the end of World War II the degree to which wage behavior resulted from the operation of impersonal economic forces rather than deliberate policy decisions was a matter of active controversy. This controversy has not been completely resolved (nor is it likely to be), but it appears that most analysts would now agree that over large sectors of the economy for substantial periods of time what happens to wages is a matter of "policy" decisions as well as market forces.

Automatic wage adjustments

The most important single development forcing the problem of wage policy into public consciousness has been the spread of multi-year collective bargaining contracts with built-in automatic wage adjustments. Beginning with the GM-UAW contract of 1948, this form of contract came to dominate large-scale collective bargaining situations by the latter half of the fifties. There are two main versions of this contract, one combines an escalator clause tying wage changes to price changes with additional annual wage increases and the other calls for annual increases alone. Both types of automatic wage adjustment force the bargainers and the community to face the issue of long-term wage behavior explicitly. By adjusting wages to price changes automatically, the combination of escalator clause and annual increase emphasizes the basic question—what should be the rate of increase in real wages, i.e., money wages corrected for price changes?

On a suitable level of generality, an attentive student in an elementary economics course could provide the answer. With stable prices and within a given distribution of income, increases in productivity permit real incomes, including wages, to rise and, at the same time, set limits to the rate at which the rise can take place for the economy as a whole. In this context, if real wages are to be increased by raising money wages, changes in average earnings ought to be in proportion to changes in average productivity.

There has been no shortage of statements emanating from high places which state this proposition. Unfortunately, such an analysis provides contract negotiators in specific companies and unions with no more than a very rough "guidepost." Unless all wages are to be raised equally in proportion to changes in average productivity, some method of apportioning below and above average changes, so that they offset one another, must be added to the original prescription. The current report of the Council takes some gingerly steps in this direction by suggesting that above and below average wage increases be related to the tightness or slackness of the relevant labor markets or to the existence of rates that are out of line compared to similar jobs.

The problem is complicated by a frequent confusion between the question of how wages in an individual company or industry *should* behave and how they *could* behave without obvious and immediate inflationary consequences. To illustrate this point with an extreme example, a doubling of the productivity of workers in the buttonhook industry would mean that their wage rates *could* be doubled without increasing unit labor costs, but would not imply that they *should* be doubled. Most discussion of wage-productivity relations in particular negotiations centers around the issue of how large a wage increase can be given without raising prices. The novelty in the Council's current position is the tentative suggestion of a standard of desirable behavior in the broader context of a rudimentary national wage policy.

Wage policy implementation

Even if the specifics of an economically workable wage policy could be agreed upon, how could they be implemented short of direct and massive intervention in free collective bargaining? Consideration of this question ought to start with the possibility that the problem it poses

may be insoluble in the sense that any available cure may be worse than the disease. The late Sumner Slichter, a man with a remarkable instinct for pragmatic solutions to economic dilemmas, explicitly adopted this position several years ago. In brief, Professor Slichter accepted a slow rate of secular inflation as a probability, felt that the wage results of our collective bargaining system played a part in the inflationary process, argued that the magnitude of the problem did not justify the measures needed to eliminate it, and instead proposed policies to mitigate the effects creeping inflation might have on particular groups.

Effect of the environment

Another reaction to the obvious intractability of the question posed in the preceding paragraph is to argue that insofar as wage behavior has been troublesome in the past, the problem has been due to conditions of excess demand in the overall economy or in specific sectors. The new, harsher economic environment is expected to solve this by reducing the going rate of wage increase. However, at least four years of the new environment have passed and there is increasing concern that the costs of this approach in unemployment and reduced growth may be too high, even if the evidence as to its effectiveness were stronger than it is.

Traditionally, the way we have tried to influence the results of price and wage setting in the United States has been to modify the structure of bargaining (e.g., by encouraging union organization) or to modify the process of bargaining (e.g., by banning secondary boycotts). Some measures of this type have been tried in recent years and many others have been proposed. The more drastic proposals have not been compatible with political realities, while the milder attempts have not been effective. Strong organizations have been relatively unaffected, while the weakly organized and the unorganized have been handicapped.

Faced by this gloomy array of possibilities, the Eisenhower administration in its later years adopted what has been inelegantly termed the "open mouth" policy or more politely, "government by exhortation." The Kennedy administration has intensified efforts to talk down the rate of price and wage increase.

It is customary for economic sophisticates to dismiss this approach as ineffective, but Mr. McDonald of the Steelworkers and the managements of the

(Continued on page 4)

ITEMS OF INTEREST . . .

NILE Residential School

The Institute will present again this summer a 10-week liberal arts course for selected union personnel.

Organized in cooperation with the National Institute of Labor Education, the residential school will be held June 18 to August 24 on the University campus.

This year courses will cover the major economic problems of the sixties, American government and politics, man and society, and the American labor movement.

Approximately twenty-five full- and part-time union officers will attend.

Personnel Seminar

Rolf Waaler of the Administrative Research Foundation in Bergen, Norway, will address the May 22 meeting of the Personnel Administration Seminar on "Management Education, a Norwegian Experience."

The dinner meeting will take place at the Leopard Cafe in San Francisco.

The Personnel Administration Seminar is sponsored by the Institute for personnel directors and managers of Bay Area companies.

Steelworkers' Conference

Locals of the United Steelworkers of America and the Institute will co-sponsor a summer school for steelworkers June 24-29.

Approximately one hundred people are expected to attend the residential course.

Hospital Administration Workshop

A special course in hospital administration was held April 6 and 7 for University alumni.

The two-day workshop, which was attended by 25 hospital administrators from throughout California, emphasized new managerial techniques.

Speakers were: Bernard M. Bass, Visiting Professor of Psychology from Louisiana State University; Marvin D. Dunnette, Visiting Associate Professor of Psychology from the University of Min-

nesota; and Joseph G. Phelan, Assistant Professor of Industrial Psychology at Los Angeles State College.

Machinists' Institute

A summer institute for the International Association of Machinists will be held July 15-20 on the University campus.

About fifty participants will attend lectures, workshops, and forums on the following subjects: legislative issues, collective bargaining trends, psychology and leadership, international relations, politics and civil rights, and training and retraining problems.

Communications Seminar

A two-day seminar on advanced aspects of communications was recently held by the Institute for management personnel of Bay Area firms.

The program was divided into two parts. On the first day the organizational aspects of communications were studied. On the second day the seminar used closed circuit television and video tape recording to analyze communications techniques.

Teachers' Summer Institute

The Sixth Annual Summer Institute for Teachers will be held July 23-27.

Given in cooperation with the American Federation of Teachers, the program includes a two-unit course on collective bargaining in white-collar occupations.

Labor and Economic Policy

The Labor and Economic Policy Seminar will meet May 23 at the Mark Hopkins Hotel in San Francisco.

The group meets monthly with members of the University and the Institute to analyze the political implications of economic and technological change, with special reference to industrial relations topics.

Subject of the May meeting will be: "Economic and Labor Policies of the Kennedy Administration."

Journal Circulation Continues to Increase

Subscriptions to *INDUSTRIAL RELATIONS*, the Institute's new journal, have continued to increase since the first of the year. A breakdown of the list shows that about half the subscribers are from labor or management groups. The other half are largely academicians, libraries, and other institutions here and abroad.

The third issue of *INDUSTRIAL RELATIONS* was published this month.

A major feature is a symposium on "Industrial Relations and World Trade." Contributions are by Raymond F. Mikesell and Paul L. Kleinsorge of the University of Oregon, Emerson P. Schmidt of the Chamber of Commerce of the United States, and Solomon Barkin of the Textile Workers Union of America.

Other articles are: "Union Racial Problems in the South" by Ray Marshall, "Seniority, Bureaucracy, and the 'Living Law'" by Philip Selznick and Howard Vollmer, and "The Shifting Power Balance in the Plant" by George Strauss.

Single copies are \$1.50; an annual subscription is \$4.50; a three-year subscription is \$10.

Wage Policy Problems

(Continued from page 3)

larger steel companies might not agree completely. Unfortunately, this technique is more effective on large targets and ineffective in the multitude of local and regional negotiations in industries such as trucking, building construction, etc.

At any rate, the current approach deserves to be thoroughly tested. It should be viewed as an attempt to influence the expectations of wage earners as to the rate of increase in real wages appropriate to economic realities. There is nothing immutable about a particular rate of wage increase or even about the ritual of the annual wage increase itself. A particular pattern of wage increase has become accepted as customary, but if it is deemed inappropriate, it need not be beyond our capacity for social invention and social responsibility to devise ways to modify it.

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