VII

THE FRINGES

THE SUBJECT MATTER of collective bargaining has been expanded and confused by the inclusion of so-called "fringe issues." This expansion is definitely foreign to the main line of the development of the American labor movement. Fringe adjustments became important during the years of World War II, in a limited area, and one which was not entirely new in labor union practices. In the postwar years, the words "fringe issues" were conveniently applied to subject matter which had been completely beyond the previous scope of collective bargaining. This expansion marks one of the most basic changes in American labor and social relations.

The wartime emergence of "fringe issues" requires only brief consideration. A government agency had to be substituted for the normal machinery of collective bargaining. The War Labor Board had national responsibility, inseparable from all other phases of the war effort. It had to conduct itself by rules and policies which could be applied nationally and uniformly, with due regard to the other war programs of procurement, price controls, and manpower controls. It created the so-called Little Steel Formula, which arbitrarily limited wage rate increases in accordance with a mathematical relation to the increase in cost of living during a stated period.

As an overall rule, the record of results appears to have been reasonably consistent with this formula. But in the case-by-case record, it is evident that the Board was compelled to induce workers to work, where the limits permitted under the formula were not a sufficient inducement. The expedient was the discovery of ways to increase actual compensation with-

out increasing the stated wage rates. Such forms of additional compensation were popularly known as "fringe" items.

Many of these wartime substitutes for wage rate changes were conventional items in the practices of old-line trade-unions. Perhaps the most common was the shift differential. It had been an almost universal custom in many trades whose work is normally performed during daylight hours. The printing trades offer a typical example. The basic rate for such an occupation as pressmen in 1930 may have been $1.25 per hour, or $10.00 for an eight-hour day. But on a second shift, ending possibly at midnight, the $10.00 would be paid for seven and one-half hours; on a third shift, after midnight, the $10.00 would be paid for seven hours.

In many other occupations, the practice was to add a specific amount to the standard hourly rate, rather than to shorten the shift hours. If the established rate was $1.25, that applied to the day shift. On the second shift, a "differential" of eight cents might be added, making the rate $1.33; on the third shift, a differential of fifteen cents, making the rate $1.40.

Naturally, the War Labor Board would be defeating its purpose by discussing reduction of hours on the second and third shifts, even as a basis for computing overtime. It chose the device of differentials added to the standard rate. It maintained the position that it had denied a wage rate increase beyond the formula, but sanctioned a fringe adjustment applied to the second and third shifts. In the same course of reasoning, it sanctioned the granting or liberalizing of vacations with pay, and encouraged continued work for extra pay during the paid vacation. It sanctioned other forms of privileges which really represented compensation, and forms of premium pay which did not always call for premium performance. It sanctioned thousands of adjustment of job rates as "corrections of inequities" where the adjustments actually disorganized a practical wage structure.

These fringe adjustments served a purpose, and did no

permanent injury, either to the wage practices of industry or to the scope of collective bargaining. It is true that the shift differential had previously been confined largely to daytime occupations, where night work was somewhat abnormal. The Board applied it chiefly to continuous, round-the-clock operations. But on the whole, the fringe items used by the War Labor Board did not radically disturb wage habits or bargaining processes. The adjustments were inherited by postwar industry, and even extended. But the most important heritage to collective bargaining was the very flexible name, "fringe issues."

The postwar wage demands of unions were spectacular, of course. The first objective was to reduce the wartime work week to forty hours and keep the same number of dollars in the pay check. To receive the same pay for forty hours at straight time as for forty-eight hours including overtime required an increase of 30 percent in the hourly rate. Unions asked for it, employers refused it, and many collective bargaining processes moved logically into strikes. Some of the strikes were so extensive, as to both numbers and duration, that they also became spectacular.

Much less attention was paid to a more important aspect of collective bargaining in this transition period. Especially in the industrial type of union, there was a basic expansion of the content of the demands, beyond any former concept of wages, hours, and working conditions. The convenient war-born name of "fringe" was applied to a variety of requests for payments by the employer for purposes generally (and pleasantly) described as welfare. These demands involved great costs to the employer, sometimes prohibitive costs. They usually involved no direct benefit to the average employee. They usually identified him with an indirect group benefit. They magnified the importance of the union as a social institution upon which he must depend for contingent future benefits such as medical care.

The extent to which these demands were actually designed to increase the political power of the officers is not important in this present discussion. Neither is the stormy public reaction which found expression in the Taft-Hartley prohibition against exclusive union control of welfare funds. It is more significant that by 1947 even Senator Taft and Congressman Hartley had implicitly accepted the principle of welfare funds and the propriety of including them within the scope of collective bargaining.

The significance of this expansion of collective bargaining is emphasized by a backward look at union relationships before the war and before the New Deal.

The comment has been made earlier (chapter iv) that the old-line craft unions were practical, above all else, in their selection of subject matter. The comment applies to their actual collective bargaining and equally to their unilateral adoption of standards for their trade in their area. Both their contracts and their published rules dealt strictly with wages, hours, and working conditions; and their definition of working conditions was reasonably narrow.

When craft unions were the dominant type in America they were rugged, perhaps usually tough, on the subjects which they considered as being their business. The selection and limitation of those subjects emphasizes another characteristic which was less noticed. Although they were organized for collective action, the typical craft unions reflected an extreme commitment to the principle of rugged individualism. The union itself was sturdy and aggressive in its dealings with employers. But it expected its individual members to be correspondingly sturdy in managing their private affairs.

It was not a pose when the business agent of such a union said that his business was wages, not welfare. It was not mere perversity when spokesmen for such unions belittled some program of group insurance or sick benefits or retirement annuities, of which the employer might be very proud.

The instinctive belief of craft union leaders and members was that the individual worker should look out for himself in such matters, and that the average worker would look out for himself quite adequately, if he obtained the wages necessary for him to do so. It is true that many such unions created insurance funds of their own. But they resented the attempt of an employer to provide such benefits, partly because they suspected that he was trying to save money on wages by substituting these benefits, and partly because they felt that these "welfare" items were the private business of each employee, and none of the employer's business.

While the American Federation of Labor was essentially a federation of craft unions, it reflected this same sturdiness in its attitude toward government programs. It actively opposed much of the welfare legislation of today—laws governing the employment of minors and women, minimum wage laws for women, the Federal Wage and Hour Law. Part of this opposition was obviously due to a fear that government was stealing the thunder of the trade union movement. But even this reasoning was not based entirely on the fear of competition. It rested more heavily on the fairly articulate belief that workers should obtain these protections by their own efforts rather than through the paternal activities of government.

During the decade beginning in 1880, when the Knights of Labor was an important factor in American industry, it appeared that labor would become organized for a broad social program, far beyond the description of wages, hours, and working conditions. Perhaps the program of the Knights of Labor was influenced by the experience of the British labor movement. In any case, it enrolled sympathizers and intellectuals who were not workers. It launched programs for the improvement of the status of workers, inside and outside their occupations, by law as well as by economic pressure.

It must be remembered that at that time, and throughout

the generation following, the craft unions consisted chiefly of men who had personal assets of skills acquired through a long and formal training. Such men were, and are, in a better position to be rugged individuals than are the semiskilled and unskilled workers. It was to the latter group that the Knights of Labor appealed particularly. It is to the same group that the industrial unions have appealed during the past fifteen years.

The Knights of Labor lacked the first element of statutory assistance which could have made their organization permanent. They had no Wagner Act to force employers to deal with them. Lacking such protection, the other essential weakness of the movement brought about its disintegration. That was the absence of the common skills, mutual interest, and economic control of the supply of workers, which bound the members of the craft union to the lodge.

Collective bargaining today is generally a matter of dealing with unions whose members are almost as miscellaneous in occupation and interest as were the members of the Knights of Labor. The persistence of these unions in this industrial form is completely, and probably permanently, protected by the Wagner Act and the Taft-Hartley Act. It was inevitable that the industrial type of union should broaden its interest to include economic and social problems of its members, in their everyday lives, off the job as well as on it. The mere size of the industrial type of union, as well as its diversity of membership, makes impractical any such policy of individual self-reliance as that which characterized the old-line craft union. The janitor, the warehouseman, the wrapper of packages, the hand trucker, the elevator operator —such people as these have no exclusive skills to give them the feeling of security and independence enjoyed by the toolmaker, the linotype operator, or the glass blower.

Between the days of the Knights of Labor and the years of Wagner, Taft, and Hartley, great changes took place out-

side the labor movement itself, changes which conditioned all of us for the problem of "fringe" or welfare issues. The gigantic employer unit arose in corporate form, to provide the tools for mass production. The capital of the average worker, represented by his own work bench, his own tools, or even his own skills, was largely liquidated. The Great Depression wiped out the money and property savings of most workers, and dramatized the insecurity of individual jobs in the mass-production economy. The "rugged individualist" of the political orators in one campaign became the "ragged individual" of the opposing orators in the next.

Because insecurity and hardship became general, some forms of dependency became respectable. There were differences in the relative respectability of WPA, CCC, AAA, FSA, HOLC, FHA, FDIC, and RFC. In the last analysis they were all forms of public aid or protection—some for unemployed workers, others for hard-pressed farmers, home owners, bank depositors, bankers, or corporations. The general situation opened the way for broad social security programs which were long overdue in terms of natural progress. All in all, we were conditioned to accept as facts the existence of widespread dependency which carried no implication of shiftlessness or unworthiness. We learned to talk calmly about group protections against common hazards.

In this time of transition we attached responsibility for providing against some of the hazards to economic groups who were not themselves to blame for the hazards. No employer was to blame for the fact that workers became too old to work; but the employer was made responsible for providing half the fund out of which old-age insurance is paid. The obvious implication was that employers had an interest in the provision of incomes for superannuated workers generally.

Acceptance of federal old-age insurance was made completely respectable by the application of the tax to the earn-

ings of the corporation president and the janitor, and corresponding payment of the insurance benefits to both. Being a beneficiary of this social-security provision was an honorable status, achieved by working the required years and reaching the age of sixty-five. Being a beneficiary of unemployment compensation became almost as respectable and much more popular.

These various forms of dependency could not have become respectable without the prior growth of huge groups of people having the same general economic and social status, and facing the same general hazards. The tens of thousands of employees of a single corporation had the same general wage problems, the same lack of legal hold on jobs, the same insecurity—problems tied to both the activities of the one employer and the lack of special skills on the part of almost all the workers.

The rise of the industrial union was probably inevitable, with or without a Wagner Act, to correspond to the rise of mass-production industry. The dominance of this type of union today, both in the CIO and in the AFL, means that the scope of collective bargaining will be influenced by the problems of the unskilled and semiskilled worker, by the strong and weak features of this type of organization, and by the readiness with which competent leaders can sell the idea of social benefits to millions of members who have neither the advantage nor the pride which goes with a craft skill. The scope will be equally influenced by our recent progress toward treating so many security and welfare problems as group problems, and seeking solutions in group plans, social or governmental programs. We have accepted many forms of dependency as common and normal, and have consented to pool our risks and benefits.

The fringe issues are definitely facing employers who deal with their employees through any industrial type of union. Whether the particular issue is a welfare fund, pre-

paid medical care, or a retirement plan, it is obvious to any careful observer that its evolution through the processes of collective bargaining will be bad in many respects. An illustration is the case of one industrial corporation, with less than twelve thousand employees, dealing with eighteen different international unions and approximately eighty different local unions. To be economically sound, a retirement plan for such a corporation must be corporation-wide. To be socially sound, it must be identical for all employees. The practical impossibility of evolving such a plan through scores of separate collective bargaining negotiations is obvious. In fact, in this particular case, it was so obvious that several unions which had injected a retirement plan into their collective bargaining demands withdrew the requests so as to permit the creation of a comprehensive plan for all employees of the corporation.

A similar problem faces many employers in the growing demand for sick-leave provisions for workers paid by the hour. If the corporation deals separately with several different unions, it will require the skill of a magician to produce sick-leave provisions which are uniform or even equitable throughout its operations. But employers must face the fact that sick leave is one of the fringe issues which is moving rapidly into the area of collective bargaining. It is probably the part of wisdom for such a corporation to move promptly and courageously toward establishing a generous and practical program of sick leave for workers paid by the hour. This move will have no such result as "chiseling down" on the liberality of the provisions for individual employees. It should have the opposite result, plus the opportunity for better administration and less friction.

The pressing need to deal with the single and relatively simple fringe issue of sick leave, outside the machinery of collective bargaining, calls for greater skill than most employers have acquired. The employer is no longer free to

move unilaterally in the creation of such a plan. The problem of sick leave is definitely within the legal scope of collective bargaining, even though in many cases it is not within the practical scope. Entirely aside from the legal aspect, the employer seeking to deal with this problem cannot afford to by-pass the unions which represent his employees. He must enlist their interest and advice. He must accomplish their understanding and approval of the plan, outside the formalities of the labor agreement and negotiations leading up to it.

The whole range of the fringe issues, the welfare problems which are now on the margin of collective bargaining, calls for action by progressive employers which is beyond collective bargaining, but not in competition with it. The exclusion of most of these matters from collective bargaining cannot be accomplished by argument or by any reference to the prerogatives of management. It can only be accomplished by an honest showing that a better job can be done by cooperation outside the collective bargaining negotiations than inside.

This problem is oustanding evidence of the fact that both employers and unions have functions to perform which are beyond the formalities of collective bargaining. Employers must learn to look upon the union officers and even the professional business agents as valuable advisors, as valuable links in the chain of understanding between employer and employee on these fringe issues. Union officials must learn to set aside the political interests of the union, the building of a record of achievements based on bargaining power, in favor of benefits for the workers which can be more effectively arranged without a clause in the contract, without a victory in the process of collective bargaining.