

IRRA



COMMON GROUND

INDUSTRIAL RELATIONS RESEARCH ASSOCIATION
FOR WESTERN NEW YORK

PRESIDENT'S MESSAGE

by Eric Lawson, Jr.

WINTER 1988

Personal Autonomy and the State of the US Economy

As an aside during his Presidential Address at last May's annual National Academy of Arbitrators meeting, Bill Murphy observed that those things that profoundly affect our lives - life and death issues, catastrophes, accidents, etc. - are generally beyond our influence. At best, we learn to accept these occurrences with grace, perhaps resignation.

Sometimes I think we resign ourselves too easily to accepting too many things that profoundly affect our lives and which are not beyond our influence. We say that these are matters beyond our sphere of influence, issues which are best left to the experts, to predestination, to anything that places our fate in someone else's control. The power brokers, manipulators, advertisers and image makers thrive on our acquiescence, our gullibility. They know whether or not the emperor is dressed, even if the rest of us prefer to ignore his nakedness.

On October 12th the Dow Jones Average stood at 2,482.21. One week later it stood at 1,738.74, having dropped in a single day on October 19th, over 508 points. The weekly drop represented a loss of close to 30% of the value represented by the DJ index, more than 700 billion dollars in lost value. In terms of proportionate loss, the October 1987 crash was far more devastating than the infamous crash of 1929.

Working people didn't have to own stock to appreciate that the stock market's gyrations affected their lives as surely as

the market affected the lives of the Wall Street hotshots and money moguls whose fortunes and futures plummeted as precipitously on October 16th as the Dow. The stock market is not the only venue where economic madness has been afoot recently. Witness the plummeting value of US currency, the truly awesome trade imbalances, and the staggering federal debt. These indicators are interrelated; an adjustment in one immediately triggers an adjustment in the others.

When pressed for explanations of what has happened to the Disneyesque US economy, the "experts" give us as many answers as there are questions, or more precisely, answers which distance the prognosticator from the chaos which swirls all about. Stock brokers speak of adjustments; politicians talk about the "trickle down effect"; economists and MBAs swamp us with flow charts, Elliot waves, Laffer curves and theories so numerous and diverse that we think we shall soon suffocate.

Through all of this miasma however, certain basic truths continue to exert themselves, truths which are known and have been known all along, truths as inexorable as gravity itself and which ultimately determine our economic fate. These truths do not require an expert's interpretation. We live by these truths in our personal lives. Why have we allowed others to so mismanage our economy by ignoring them? Their negligence has placed our jobs and futures in jeopardy, but we have done little or nothing to stop the madness.

(Continued on Next Page)

PRESIDENT'S MESSAGE Cont.

We know that as individuals we cannot long avoid bankruptcy if we live beyond our means. Surely the same principle which affects our personal finances must ultimately affect our nation's finances as well. Yet we have had a balanced federal budget only once in the last generation. Presently our federal debt is 2.3 trillion and at present rates that debt will grow to 3 trillion dollars by 1989. (There are twelve zeros in a trillion!). How have we allowed this to happen?

There was a time that we said that the US debt was irrelevant since we owed the money to ourselves but no more. That money is owed to people and companies around the world. When they, not us, become edgy about the US economy, they, not us pull the strings and the market plunges, interest rates change, people are put out of work, shops close.

Reagan campaigned on the theme of a balanced budget and no tax increase, yet he has failed to submit a single balanced budget in the last seven years. For its part, Congress passed the Hollings-Gramm-Rudman bill and then proceeded to find ways to avoid its restrictions on spending. When Mondale said that he would raise taxes if elected, he was defeated. Didn't we want to hear a basic truth?

FINANCIAL REPORT

Balance as of 7/7/87.....\$11,898.64

Receipts..... 6,402.41

Interest 191.41

Dinners 4,799.00

Dues 1,412.00

Expenses..... 5,115.13

Summer picnic 986.00

Printing 485.00

Postage 630.00

Speaker gifts 305.10

Dinners 1,895.21

Christmas gift 600.00

Miscellaneous 213.82

Balance as of 11/30/87..... 13,185.92

The recent stock market crash has caused much scurrying around in Washington; the word seems to have gotten through and our "leaders" are busy working on ways to reduce the deficit. They talk glowingly about reducing the deficit by 23, maybe even 30 billion dollars (That's nine zeros). Great; except that the 1988 federal budget deficit will be approximately 170 billion dollars. As sensible people we know that these spending limitations are not enough; that permanent, steep reductions in spending must take place and/or significantly higher taxes must be put in place if the US economy is to thrive.

There never was a free lunch in the first place, a fact we knew all along, I believe, but found convenient to ignore in the face of all the rhetoric. Since our leaders - the experts, politicians and economists - seem to forget basic truths, we need to exercise more autonomy and retake control over that decision-making that affects our lives and our jobs.

TRANSITIONS

Attorney William E. Grande has joined the law practice of Advisory Board member Joe Giroux. Bill is a graduate of the University of Toledo Law School. He is member of the Labor and Employment Law Section of the ABA, the NYS Bar Assn., and the Erie County Bar. He has been in private practice since his admission to the bar in 1986.

Dorothy Jennetti has been appointed Director of Human Resources at OLV Hospital. Dorothy has a masters degree from Buffalo State College and is now studying administration at Canisius. She has been an educator for 16 years, and she also runs a labor relations consulting service with her husband, Reynold.

EDITOR'S NOTE

Your humble and obedient editor hereby solicits suggestions on how we can better service our members. What might IRRA do that will be useful to you? One idea is is a job bank, with free distribution of information on IR-related job vacancies and positions wanted. Anything else? We're in reasonably good financial shape, so don't be shy. Please forward your thoughts to Howard Foster, 160 Jacobs, SUNYaB, Amherst 14260.

WELCOME TO NEW MEMBERS**UPCOMING EVENTS**

Please extend an enthusiastic welcome to the following additions to our ranks:

Richard L. Ahearn
Regional Director, NLRB

Donna R. Beal
Director of Personnel & Labor
Relations, Jamestown Schools

Dennis J. Campagna
Attorney, Flaherty, Cohen
Grande, Randazzo & Doren

William A. Choboy
Business Manager, IBEW Local 237

Gregory G. Dell'Orno
Assistant Professor, Canisius College

Nicholas G. DiNezza
Project Manager, Niagara County
Labor-Management Council

Donald J. Donato
President, Niagara County
Community College

Ronald L. Dorr
Plant Manager, Plastilock Division,
Injected Rubber (Lockport)

Scott D. Harris
Attorney, Wyssling, Schwan & Montgomery

Thomas G. Helfrich
Executive Director,
Rochester Builders Exchange

Della M. Jones
Personnel Secretary, U.S. Brands Corp.

Clifford K. Krull
Shop Chairman, UAW Local 55

Patrick M. Phelan
Manager of Human Resources,
Rich Products Corporation

Kearney J. Suto, Jr.
Director of Personnel/Safety
U.S. Brands Corp.

The WNY Institute for Dispute Settlement, operated by IRRAers Tom Rinaldo and Don Goodman, will again be offering a series of one-day arbitration seminars in Buffalo. The sessions include Arbitration Procedure (March 17), Arbitration Practice (March 18), Discipline & Discharge (April 14), Management Rights (April 15), Case Workshop (May 12), and Employment Trends (May 13). Time for all sessions is 9:30 to 3:30 and cost is \$90. For more information call 884-6733.

The Greater Buffalo Chamber of Commerce is sponsoring a multi-topic Industrial Relations workshop on January 27. Participants will choose from among: Hiring and Retention, Wage and Salary Administration, Performance Appraisal, and Benefits Administration/COBRA. The sessions will run from 8:00 to 11:00 a.m. If interested, contact Pat Sullivan (852-7100).

PROGRAM NOTES

IRRA's Spring programs are shaping up. Details on our January dinner meeting are enclosed. Here is what the rest of the year looks like:

Our annual Social Night, this year on February 20, will feature cocktails, buffet, and Barbershop Jamin', all at the Lawsons', 420 Linwood, Buffalo. Beverly and Eric are always the most gracious of hosts, so please join us!

March 22, annual joint dinner meeting with the IRA, featuring Ray Rodgers speaking on "From J.P. Stevens to Hornell: the Bumpy Road of Corporate Campaigns."

April 26, tentative program on "The Transformation in Manufacturing in the U.S. and the New Labor Relations."

May 24, program on "Strikes: Have the Tables Been Turned?"

PLEASE MARK YOUR CALENDARS!!!

LABOR RELATIONS IN THE SOVIET UNION

by Mary Thomas Scott

During a trip to the USSR last year, I was able to observe labor relations in a country with a radically different economy, but with some practices that are surprisingly parallel to ours. This report is based on my own observations, on materials provided by our hosts, and on interviews with various people.

The trip was hosted by the All-Union Central Council of Trade Unions, an elective body of the Congress of Trade Unions of the USSR, which directs the work of the unions and initiates labor legislation. Because this organization hosted the trip, our group was afforded access to plant tours, meetings with managers, workers, and planning officials, and the freedom to wander and meet and speak with people on our own.

Some 136 million Soviet citizens belong to trade unions. The unions take part in the regulation of practically every area of social relations affecting the interests of Soviet working people. Although basic wage levels are determined according to the current Five Year Economic Plan, the unions negotiate a wide variety of benefits and working conditions, including housing, productivity incentives, training, worker involvement, safety, equipment improvements, leisure and recreational facilities, vacation houses, day care, on-site schools, summer camp for children, and cultural, educational and physical fitness programs. The management of one farm collective allocated 10% of revenues for cultural and social investments, such as weddings, funerals, and meals for on-premises schools, and 10% for pensions and private health care. However, not all unions obtain these kinds of benefits, and workers may have to pay for such benefits as child care (\$24/month/child) and vacations.

Local trade union committees bargain annually with the managements of their enterprises. Contract disputes, involving such issues as application (but not establishment) of output quotas, transfers, payment for overtime, night-shift, holidays and vacations, bonuses, disciplinary penal-

ties, distribution and use of protective clothing, and severance pay are first reviewed and decided by the Labor Disputes Commissions, which include an equal number of trade union and management representatives. Where no agreement is reached, or upon appeal by either workers or the management against the decision of the Commission, disputes are reviewed by the Trade Union Committee, which is composed of shop trade union committees. Appeals from decisions of the Trade Union Committee may be taken to the District People's Court, whose decision is binding.

Wages, according to the Plan, are determined by function. "Intellectual workers" (teachers, translators) and medical personnel earn approximately \$200 per month, although a teacher located in the desert north of Iran earned \$400, which included a "climatic co-efficient" premium. Engineers earn \$250-\$335, workers in a carpet factory \$285, tour bus drivers and farm workers approximately \$415. Enterprise managers and directors, high ranking military persons, and a geologist performing oil exploration research via satellite earn about \$665, and farm laborers performing heavy labor earn approximately \$835 monthly for a six day work week. The national overtime rate is two times the hourly rate.

While these may appear to be substandard wages, many living costs are subsidized by the state (rent, utilities, telephone, health care), and most families have dual incomes. Although food is expensive, and imported consumer goods are very expensive (and in very short supply), much of household income is disposable income, which can be used for the purchase of consumer goods (microwave ovens cost \$435, stereo tape players \$150, and a Lada, the mid-quality Soviet-made car, about \$11,700). Although these prices might not seem drastically higher than American costs, a major purchase may represent 20% or more of a month's wages. Disposable income is also used for travel (generally limited to domestic travel while on vacations).

Retirement age for women is 55 and 60 for men, and workers receive as a pension the amount of their starting salaries (usually around \$200). Pensioners usually

(Continued on Next Page)

continue working, as attendants in museums, street sweepers, etc. Taxes are 11% of income for individuals, and approximately 5% for enterprises. Trade union dues amount to 1-1.5% of income.

The length of vacation leave is allocated according to the type of work performed. Intellectual workers get 18 days of paid vacation per year, farm workers get 18 to 24 days, and laborers get 27 to 30 days vacation. Some trade unions have allocated their employee benefit funds for vacation homes, so that much or all of the cost of vacations is subsidized by the trade union. Employees are granted their vacation time requests in order of their status: first veterans, then mothers with children, students, etc.

Working conditions in industrial settings were similar to those of Western factories. In a carpet factory, where wool carpets are hand-woven, women work on large looms, and are required to work at a rate of 2 centimeters daily. They work an eight-hour day, with two fifteen-minute exercise breaks, and have a one-hour paid lunch. At a winery, the enterprise brought in local vendors during the lunch break so that the workers did not have to do their shopping during their leisure hours. In a taxi dispatch garage, attention to safety included the presence of a birdcage and aquarium, to monitor carbon monoxide levels in the air. Several workplaces housed such facilities as an auditorium (for holding cultural events and meetings), a sauna, and a small gymnasium for use by the workers during their lunch and off hours.

The country seems to be a mix of good and bad. Certainly we are all familiar with the lack of intellectual freedom and freedom of mobility. On the positive side, social welfare programs are pervasive and effective. There are no homeless or starving people, no slums, no (official) unemployment, and the literacy rate is approximately 97%. Approximately one-third of the population learns English, but few will speak it with foreigners.

There are some major social problems, however. Alcoholism has been an increasing problem, and, according to one woman, was grounds for her divorce. (The consensus

among women and men questioned about the divorce rate was that it was about 50% in the cities.) Hours are restricted for liquor sales and employees can be discharged for the symptoms of alcoholism (absenteeism, poor work performance, etc.) as well as alcoholism itself. Employees who have an established alcoholism problem are required by law to submit to treatment in hospitals. However, the state still considers alcoholism more a discipline problem than a disease.

A Foreign Minister for Economic Research attributed the rise in alcoholism to two sources: 1) the current housing shortage, and 2) the people's dissatisfaction with their material well-being. In the cities, housing is cramped. Individuals are allotted living space according to square meters/person (the Constitution sets 12 square meters/person of living space, but one out of five families lives in less than 6 square meters/person). Applications for larger quarters involve a 6-7 year wait in large cities. In the cities, new construction is everywhere.

The other major problem facing the country is its inability to meet the demand for quality consumer goods. Since the State is the supplier, manufacturer, and customer (distributor) for all goods manufactured in the country, it sets a quality level for goods that does not improve through the forces of competition one finds in a private enterprise system.

In a truly closed environment, where citizens are not aware of the differences in quality or availability of consumer goods, these problems might go unnoticed. However, citizens are constantly reminded of the quality differences in goods in several ways. First, the government imports a small percentage of foreign goods which are available to those who are willing to pay the very high cost, and who are the first in line to buy them. Second, citizens now intermingle with the increasing number of foreign tourists in their country, and they not only see the difference (citizens and foreigners are immediately distinguishable by their shoes), but also feel it (some of our hosts would speak, in the abstract, of "losing face" with foreigners). In addition, citizens who work with foreigners (translators,

(Continued on next page)

tour guides, bus drivers, hotel personnel) receive gifts of clothing, sun glasses, watches, make-up, books, etc - all conspicuous consumption items that further distinguish the privileged ones from the rest. Our guide met us wearing a Penn State sweatshirt, Gucci jeans, and an Italian cut jacket. Finally, there is a flourishing black market. On more than one occasion, we were approached by young men who wanted to buy our sneakers, jeans, jackets, hats, watches, or anything else that was clearly Western.

Like all enterprises, the government faces the dilemma of allocating insufficient funds for too many needs. However, it seems that the problems caused by the country's output of poor quality goods, together with the influx of high quality foreign goods, is causing the emergence of two distinct groups: those who have and those who want. Many of the citizens we met believe that the current domestic reforms are an attempt to address this problem, although many of them recognize the resistance by many government officials to these reforms, and speculate on their long term success. To a limited degree, free enterprise is permitted in some ventures, where profits accrue to individuals, or members of a cooperative, rather than to the state. One man was preparing to open a Health Club, and, after paying expenses and taxes, will keep the profits, rather than receive a salary from the state. In another instance, farm workers were able to grow produce in small gardens on their own land, and sell their yield in private markets, setting their own prices, and keeping the proceeds.

The future and extent of private or cooperative enterprises, the current level of social welfare programs supported by both the state and the enterprises, and the possible changes in these levels might well affect the role of the trade unions, as well as other institutions, in the years to come. All of the people with whom we spoke agreed that the country is in a dramatic period of transition.



LA PLUS CA CHANGE . . .

The chandelier manufacturers had united in a lockout of their employees in consequence of disagreements, among which a Saturday half-holiday figured most conspicuously. A half-holiday on Saturday had been conceded to the employees, and the manufacturers had resolved to discontinue it upon the ground that it left them at a disadvantage with competitors in neighboring cities in other States where work was continued six days a week. In this case it was the employees who were willing to submit the matter involved to arbitration by the Board, and the employers, who would not, because, like the printers, they considered that there was a principle involved, and they were not willing to leave it to the judgment and decision of any one. Sooner than do so, or yield, they said, they would close their factories in New York and Brooklyn and go out of business, or go elsewhere. It was a contest of endurance, and the result was that the employers won.

Neither mediation, nor arbitration, nor investigation, is of much use to effect a settlement in cases where the struggle is for the mastery in controlling and putting a limitation upon the labor of a manufactory or other business enterprise. The evidences of the past year indicate not only that the chief labor disturbances are now upon the line mentioned, but that the employers have, during the past year, perfected organizations among themselves to a greater extent than ever before, and that their objective point is to break down the combinations of the trades, as controlling powers over labor employed, and deal directly with their employees, each in his own establishment. The contest is one of combinations of employers on one side and of the employed on the other.

-- From the 1887 Annual Report of the NY State Board of Mediation (contributed by Msgr. Jim Healy)

ERRATUM

The last issue of COMMON GROUND had an incorrect listing for the position of IRRA Recording Secretary. We herewith set the record straight. Miriam Winokur has been discharging the duties of that office with charm and distinction, and we are pleased to acknowledge it.