

October 1982

## Worker Participation in Corporate Government: The U.A.W.-Chrysler Experience

Douglas A. Fraser

Follow this and additional works at: <https://scholarship.kentlaw.iit.edu/cklawreview>



Part of the [Law Commons](#)

---

### Recommended Citation

Douglas A. Fraser, *Worker Participation in Corporate Government: The U.A.W.-Chrysler Experience*, 58 Chi.-Kent L. Rev. 949 (1982).

Available at: <https://scholarship.kentlaw.iit.edu/cklawreview/vol58/iss4/3>

This The Piper Lecture is brought to you for free and open access by Scholarly Commons @ IIT Chicago-Kent College of Law. It has been accepted for inclusion in Chicago-Kent Law Review by an authorized editor of Scholarly Commons @ IIT Chicago-Kent College of Law. For more information, please contact [jwenger@kentlaw.iit.edu](mailto:jwenger@kentlaw.iit.edu), [ebarney@kentlaw.iit.edu](mailto:ebarney@kentlaw.iit.edu).

*THE KENNETH M. PIPER LECTURE*  
WORKER PARTICIPATION IN CORPORATE  
GOVERNMENT: THE U.A.W.-CHRYSLER  
EXPERIENCE

DOUGLAS A. FRASER

DEAN LEWIS COLLENS: Good morning. It's my pleasure to welcome you to the third lecture program made possible through the support of the Kenneth M. Piper Fund.

I'm pleased to report that the Kenneth M. Piper Fund has now been permanently endowed by Mrs. Piper. We are very grateful to her for her magnificent support. This added funding will enable us to add another program during this academic year.

I'd like to start today's program. I'd like to thank Jim Freeman of the U.A.W. and the members of the Advisory Board<sup>1</sup> for their assistance in arranging today's lecture. The members of today's panel will be introduced later in the program by Professor Martin Malin.

Our speaker today is well known to all of you. The highlights of his impressive career are detailed in the program.<sup>2</sup> Mr. Fraser told me that despite yesterday's earnings report by Chrysler, he will not take

1. Members of the Kenneth M. Piper Endowment Advisory Board are Donald Anderson, of Seyfarth, Shaw, Fairweather & Geraldson; Alex V. Barbour, of Pope, Ballard, Shepard & Fowle; Peter Carraday, Employment Relations Director of the *Chicago Tribune*; Gilbert A. Cornfield, of Cornfield & Feldman; Donald J. Crawford, Regional Director of the National Labor Relations Board; Robert Falkner, of Motorola, Inc.; Marvin Gittler, of Asher, Goodstein, Pavalon, Gittler, Greenfield & Segall; Paul Glover, of Chicago Truck Drivers, Helpers & Warehouse Workers Union; and Herman Grant, Regional Solicitor, United States Department of Labor.

2. Douglas A. Fraser was born in a working class district in Glasglow, Scotland on December 18, 1916, and came to the United States with his parents when he was six years old; the family settled in Detroit. After attending Chadsey High School, he went to work as a metal finisher in the DeSoto plant of Chrysler Corporation at the age of 18. He became active in UAW Local 227 and was elected to various local offices, including steward, chief steward, recording secretary, and, finally, local president in 1943. He served three terms in that position.

In 1947, Mr. Fraser was appointed an International representative, assigned to the union's Chrysler Department. The then UAW president, Walter P. Reuther, selected him as an administrative assistant in 1951—a position he held for eight years. Mr. Fraser was elected co-director of Region 1A in January, 1959, and in 1962, convention delegates elected him to the union's International Executive Board as a member-at-large. He was elected an International vice president at the 1970 convention, and president of the union at the May 1977 convention.

He was involved in many auto contract negotiations which included the negotiations that won the UAW a union representative on the Chrysler Board of Directors. Mr. Fraser was elected to the Board on May 13, 1980 after making clear in a proxy statement to stockholders that he would serve on the Board as a representative of the Chrysler workers. The union's participation is

time today to tell us why Chrysler was the most profitable of the big three auto makers during the last quarter.

We're very honored to have Mr. Fraser with us, delighted that he could find the time to come. It's my privilege to introduce Mr. Douglas Fraser.

**MR. DOUGLAS FRASER:** It occurred to me this morning that it would be a lot simpler if we did what other people do in public life, and just have a speech writer write the speech. You merely read the speech. But that has some hazards also.

Let me tell you the story of this speech writer who worked for a United States Senator for an extended period of time. They got to understand each other's styles, and they understood how each other felt about the issues. So it got to the point where the speech writer just wrote the speech. The Senator didn't have to rehearse it, but read it right from the text.

Then they had a falling out, and the speech writer thought he was abused by the Senator, and became very, very angry. So he said, "I'm not going to take this abuse any longer. I'm going to quit." The Senator said, "Well, you have obviously made up your mind. I can't dissuade you. Would you write just one more speech for me because I'm starting a new campaign? My term is up. And the first speech I'm going to make is going to get high media attention, and I'd appreciate it for old time's sake if you'd write the last speech." So the speech writer said, "Okay, I'll write the speech."

And he used to type the notes on cards, and the Senator starts reading. And he makes the usual introductory remarks and acknowledgement. He kept turning over the cards and came to a card that said,

based on the principle, in Mr. Fraser's words, that "workers must have a say in the corporate decision-making process that so affects their lives."

Mr. Fraser is an officer or member of many labor, civic and governmental bodies. He is president of the World Automotive Council of the International Metalworkers Federation, vice president and member of the Executive Council of the AFL-CIO and chairman of the Committee for National Health Insurance. He is on the board of directors of the Full Employment Action Council, the NAACP, the American Arbitration Association, the Detroit Economic Growth Corp., the Economic Club of Detroit, the National Urban Coalition and several other groups.

In addition, he serves on the Board of Trustees of the International League of Human Rights and the Aspen Institute for Humanistic Studies, among others. He is also on the executive committee of the Leadership Conference on Civil Rights and the board of governors of the United Way of America. He is also an officer of the National Housing Conference, New Detroit Inc. and the United Foundation of Detroit, and a member of the Martin Luther King, Jr. Center for Social Change, Americans for Democratic Action, the Advisory Committee for Trade Negotiations, the Conference on Economic Progress and several other organizations.

He is married to Dr. Winifred Fraser, an associate professor of psychology and associate dean of the Graduate School of Wayne State University.

"Two of the most critical problems confronting our society today are the twin problems of inflation and unemployment, and tonight I'm going to tell you how to solve those problems."

He turned over the card, and the next card said, "You know, the fight for equality in this country makes some progress, but women really don't have true equality, and minorities really haven't achieved the station of equality. And I'm going to tell you how to solve that problem tonight."

The next card said, "All these problems really dim in importance when you think about the most critical problem facing our society, the question of war and peace. And tonight I'm going to tell you how to keep peace in our time."

He turned the next card, and the last card said, "Now, you son of a bitch, you're on your own."

Now I'm on my own. The question of labor members on Boards of Directors is hardly a broad question. It's a fairly confining subject, so let me take a couple of minutes to tell you about the automobile industry, because unless something turns around, there will be no corporations or boards on which we can sit.

The auto industry is in desperate difficulty. We're going through the most difficult period in the history of our union. And for the auto industry, it is the most difficult period in that industry's history at least since the 1930s. This is the 28th consecutive month that we have had layoffs and a range of 200,000 to 250,000 people just from Ford, General Motors and Chrysler.

To give you some notion as to what is currently occurring in the last quarter of this year, in October, November, December, we'll probably produce in the range of 1,300,000 cars and trucks. And if anything, that will go down. You might think, well, that's a lot of cars and trucks, except if you look just at 1978, we produced 3,131,000 in the last three months. It shows you the dramatic, drastic fall-off in production and obviously a loss of jobs.

The auto industry is not going to make an appreciable recovery until the interest rates come down. The auto industry cannot make a recovery as long as interest rates hover in the neighborhood of 16-20 percent. And in case it has escaped your attention, we're having huge layoffs and shutdowns for weeks at a time in the agricultural implement industry. And to compound the problem in the auto industry, we're now in a recession. At least it's now being admitted that we have been in a recession for some time.

This compounds the problem, because in automobiles as soon as a recession hits our economy, it becomes a depression in the auto industry. An auto is what people can see as a postponable purchase, and rightfully so. You can always postpone a purchase of a car, and you can't postpone purchase of food, shelter and clothing, for example.

A combination of these two things, I think, has put this industry in distress.

Now, let me begin talking about the Board of Directors by saying that the UAW, I guess, has a reputation, whether it's deserved or not, as being innovative, introducing new ideas, new concepts. Solidarity House is right on Detroit River, and lots of people think that what we do before negotiations, is gaze out to that river and dream up all of these demands that we're going to make on the corporations.

That's not the way it happens at all in collective bargaining, at least in our union, or, I suspect in any union in the land. In collective bargaining you respond to the needs and the problems of the people you represent. You can go back into the history of our union where the primary collective bargaining objective in the early days of our union was the establishment of seniority. We wanted a seniority system. And why? Because our industry has a horrible, horrible incidence of abusing people and playing favoritism. Before the existence of the UAW in our industry, those who curried favors for the boss were the ones who stayed, and the ones who did not were laid off. So the first objective of our union was establishment of a seniority system. With seniority, at least the jobs that were there would be assigned on an equitable basis rather than an aggressive discriminatory basis where all sorts of disgraceful things went on. Before, people used to have to humble themselves and lose their dignity by being forced to do outrageous favors and sometimes monetary favors for the bosses.

And then we come to the 1950s. And again, before the establishment of a union people used to be laid off permanently when they were 45 years of age, put out on what was called the industrial scrap heap. We never forgot those days when we established the first industrial pension program.

In later years, in 1955, we established what we called a supplementary unemployment benefit program. The reason we did that again is because the industry is a volatile industry. It's a cyclical industry, and we suffered from more layoffs for more extended periods of time than any other people in the industrial sector. That's why we established a supplementary unemployment benefit.

I could go through issue after issue and prove conclusively to you that you react to external events and you react to the conditions confronting the members of the union. It's interesting to note that on the question of representation on the Board of Directors, it did not occur in the GM section of our union, nor in the Ford section of our union. It occurred only in the Chrysler section, and let's examine why.

There are two reasons basically. In 1976 I was then the Chrysler Director. We made a demand upon the Chrysler Corporation to have representation on every level of management: Board of Directors, Planning Committees and so forth. We did this because Chrysler in those days was in quite a bit of distress in the United Kingdom. In fact, they eventually sold all those operations. They offered to the trade unionists in the United Kingdom a plan of worker participation starting with representation on the Board of Directors. So when we went to the bargaining table, I said to the Chrysler Corporation, "What's good enough for you to offer to the trade unions in the United Kingdom is good enough to offer to the trade unions in the United States."

Well, we bargained to the usual conclusion, and I must admit that the demand for representation on the Board did not generate a great deal of enthusiasm among our own bargaining committee. It was one of those items that slide off the table at the end of the negotiations. As Walter Reuther used to say, there's two different kinds of collective bargaining demands: those you're really serious about and those that you have there for trading purposes. Then there's a third kind that we in the UAW often have. That is, we want to plant a seed. We want to plant an idea, and we really don't have any realistic notion that we'll achieve that goal in that particular negotiation, but we want the companies to start thinking about it, and we want our own people to start thinking about it.

Well, we come to the 1979 negotiations, and again the GM section of our union didn't make a demand for representation on the Board and neither did the Ford section of our union. But in Chrysler something was happening. In Chrysler a lot of the Chrysler plants were being closed down. The Chrysler committee and the local union leadership resurrected this demand that I had made when I was the union's director of our Chrysler department. It came about because they reached the conclusion that they don't have a voice in their own destiny and their own future unless they have representation at the point the decisions are made or before the decisions are made. Because once the decisions are made and once they are irreversible, you really can't do anything about it. You can complain about it. But you can't challenge

it effectively. You have to be there, and you have to be a party to a decision or at least have a voice in the process of making a decision.

So it became a very serious demand in the Chrysler negotiations of 1979. And I recall the details well of how the whole thing evolved.

We reached the stage as we always do, at least in the UAW and most unions, where you go around the clock and you're going toward a deadline. The deadline was 11:00 o'clock in the morning. And we broke it up into a couple of subcommittees. I had taken the subjects of pension investment and membership on the Board of Directors. We were in a recess. Bill O'Brien, then Vice President and Director of Labor Relations for Chrysler Corporation (whom I have known a number of years—in fact, he started out in a Ford plant in Chicago here and then went to Chrysler in about 1956) asked to see me upstairs.

And he said, "I'm going to give you a letter signed by Lee Iacocca which will inform you that he's going to nominate you to a position on the Board of Directors."

Now, I can recall that I was surprised. I can also tell you now that had we gone up to the deadline and not gotten that position on the Board, we would not have struck on that issue. So the first thing I said to O'Brien was, "Well, you know, obviously this meets our demand, but I don't want to be a member of the Board of Directors. I think it should be someone who currently works in Chrysler. I have my seniority in the Chrysler plant even today." And he said, "Well, I told Iacocca that's what you would say, but Iacocca's argument is that the union is not going to nominate any members to the Board of Directors of Chrysler. Only the Chrysler Corporation can do that. And it's you or nobody else."

I said, "Well, if I should do it, I don't want any of the compensation." He said, "I told Iacocca you would say that, and he says you have to accept it under the same conditions as everyone else."

I didn't view that as a serious problem, because there's always a way you can get rid of money. Fact of the matter is, all the fees and allowances and everything I'm given as a member of the Board goes to a scholarship for a son, daughter or spouse of a Chrysler worker at Wayne State University. So that was no real problem.

Well, as I said, it was 4:00 o'clock in the morning. It worried me that I was going to be the member of the Board, and there was no way we could argue the company out of that. I went downstairs and I talked to Marc Stepp who is a Vice President of our union in charge of the Chrysler Department. He was in another subcommittee meeting. I

said, "Why don't we wait 'til 7:00 o'clock and I will call our colleagues to get their reaction." I became very, very unsure as to whether or not it was the right thing to do, because I was the designee as a member of the Board.

At seven in the morning I started calling the other UAW officers. They were all very enthusiastic about it, and they said, "You're just too sensitive about your being a member of the Board. You shouldn't let that stand in the way." So I accepted it and the committee accepted it. The committee was very, very enthusiastic about it.

The next problem was we got some signals out there that the membership was sort of saying, "Well, this is a trade-off for some of the concessions you made to get yourself a position on the Board." So we sent out a letter to every single Chrysler member explaining what the concept was and what the principle was. The principle was, I repeat, to give the membership, through a representative, a voice in their own future and their own destiny.

The next debate took place at our convention. We have about 3,000 delegates attending our convention. When that debate was finished, I don't think there were more than seven or eight delegates in that whole mass of people who opposed the proposition of representation on the Board. Well, so much for the internal debate within our union.

But then the public debate was taking place, and critics said, "Well, this is a conflict of interest." The same people who are raising the conflict of interest question never raised that question when the bankers sat on the Boards of Ford, GM and Chrysler. None of that was raised. When a person representing labor got on the Board, suddenly it became a conflict of interest.

The next argument from the public was one that really bothered me. They said, "Well, if you assume a position on the Board, you have to behave exactly like any other Board member. Your exclusive responsibility or at least your primary responsibility is to the stockholders in the corporation." That was an unsatisfactory posture for me to be in, and they injected the issue of fiduciary responsibilities and all of the responsibilities I had as a Board member. So the end result was that I was exactly the same as anyone else and no different.

We handled this by meeting with the Chrysler Corporation and getting them to agree that they would have a statement on the proxy statement that went to all the shareholders. I wasn't elected until the next stockholders' meeting in June, about seven months after the nego-



tiations. The statement to the stockholders said basically this: that I viewed my position on the Board as different than other Board members, that I viewed myself going in there as a representative of the workers. I think I also said that I see nothing inconsistent with this. So that people who voted for me voted with their eyes wide open, which probably explains why I got fewer votes than anybody else.

Now, let me talk about the experience on the Board. There are a couple of interesting things. First of all, I wonder whether or not this is a fair test of the concept, because it's a time of crisis in the auto industry. I don't have to detail and underscore the difficulty that the Chrysler Corporation is in. So a lot of the activities of the Board are concentrating on our survival. And you can't be as innovative as you'd like, and you can't try out the new concepts and float the ideas that you'd like. But let me give you a couple of examples where I think my presence has had an impact.

At my second meeting of the Board I addressed the question of the plant closings and what I call economic dislocation. When companies make these decisions, I said, they shouldn't make them exclusively on what the economic situation is or the economics of that decision. They should also take into account how it impacts upon the workers, and how it impacts on the community in which that plant is located. At the following meeting, a resolution was drafted which reflected that point of view that in plant closings you should not only take into consideration economic impact, but the human impact and the impact upon the community. And we subsequently established a committee that reviews plants that are even being considered for study as a possible closing. Then even after that we got an agreement through collective bargaining that guaranteed five plants not closing for the life of the agreement.

The interesting thing is that people ask, "Well, has your perspective changed?" And I really don't know if it has or not. I always thought I understood the auto industry before I arrived there. I think that some interesting things have occurred and I think I have a better understanding of a couple of situations. But on the other side, after the plant closing resolution was adopted by the Board of Directors, I was going through the lobby of a hotel one night where we were staying prior to the meeting the following morning. One member of the Board said, "I'd like to have a drink with you." And I sat down with him. And he said, "You know, I have been talking to a lot of Board members, and I remember that speech you made at the August Board of Directors meeting about plant closings," and he said, "that was elo-

quent," and so forth, and also that "so many of the Board members have told me they never thought about that before."

Well, I didn't say anything. I just sort of smiled. They didn't think about it before because they came from a different background than I do. They came from a different constituency. Not because they are evil men; not because they are heartless men or men that lack compassion, but because they just never thought of the impact that the plant closing has on individuals and, perhaps to a lesser degree, the community.

There's one other incident that I will bring to your attention. Lee Iacocca took a reduction in salary to one dollar a year, and then we made a bit of a recovery. The Compensation Committee of the Board said, "Looks like we're getting out of the woods, so why don't we reinstate Iacocca's salary?" Well, I won't argue that Iacocca should work for a dollar a year. Maybe two dollars. I didn't argue about the reinstatement of the salary. I think the salaries of officials in the auto industry are disgraceful, particularly put together with the bonuses. I have often thought about Japanese wages. Maybe we should look at the Japanese wages of the management people and then see something there.

But in any event, they had another provision, that they'd make it retroactive. And I said, that is a mistake. Iacocca wasn't present, because we dismissed those that were involved in the salary discussion. I'm not going to argue about reinstating his salary.

But let me just inject this. Because the Chrysler workers do not have a cost of living clause any longer, in this quarter, the Chrysler workers will be getting, in cost of living alone, three dollars an hour and \$310.20 a month less than their counterparts in Ford and General Motors, and that is absolutely crushing. In our negotiations with the Loan Guarantee Board, we said we'll make all these sacrifices, but let's try to get a provision in there for economic recovery as time goes on. They flatly refused to give us that.

I told the Board of Directors that you're making a mistake. It wasn't a great deal of money in the total scheme of things, and that's what they said. I said it's not the amount at all, it's the principle. The workers will equate that with our failure to get recovery, and here Iacocca is getting recovery. Sure enough, when that got out in the public domain, the workers were very, very distressed. This violates the commitment to equality of sacrifice, they said. We don't mind Iacocca

getting his old salary back, but we resent deeply his recovering some of the salary that he presumably gave up.

So these are two examples, one where they heeded my advice, one where they didn't. But I suspect they now wish they had, including Iacocca.

So I think you bring a different perspective to the Board of Directors. I think anyone of my background and my understanding of how workers feel can make a contribution in that august body.

The question now is where do we go from here? There hasn't been much public notice of the fact that we did negotiate a member on the Board of Directors of American Motors. Unfortunately for us, a condition was put on it. And the condition was that we would ask the Federal Trade Commission, the Department of Labor and the Department of Justice whether or not putting a member on the AMC Board as well as Chrysler would represent any violation of Sherman Anti-Trust Act or had any other legal impediments. FTC and the Department of Labor approved it. But Justice held it up. They were not too sure that if I'm, for example, on the Board of Directors of Chrysler and Raymond Majerus, who is our Secretary-Treasurer and Director of American Motors' Department, is on the Board of American Motors, and you have this close relationship institutionally in the UAW, that might not cast a doubt on the whole thing.

So we went back and talked about that and said, well, if that troubles them, Raymond Majerus just won't serve on the American Motors Board. We'll select somebody else. And if they're worried about an active worker, we'll get Irv Bluestone to serve. He's retired and comes out of the GM section of our union.

We went back and tried that. They said they still had the same question. We're not even sure that two members of our union, whether it's me or anybody else, can serve on two different boards in the same industry. Well, they haven't said no to it, and they haven't said yes. But under the terms of the agreement with American Motors we stipulated that it had to get approval of all three agencies. And we have not yet gotten the approval of the Justice Department. As I said, they're not saying no. They're letting the question hang. They're saying they're unsure.

I suppose a logical question would be, does that prevent you from approaching General Motors and Ford next year? And I don't think it does. I think there's many ways to skin that cat in getting representation on the Board without doing it the way we did in Chrysler. It's

really not representation on the Board, but how you achieve for the workers an effective voice in their own destiny and their own future.

Now, the second question that arises: is this whole concept going to spread quickly? I don't think it is, because I don't think that we hold a majority point of view in the labor movement. Unless the labor movement really seeks this out, you're not going to achieve it.

But let me suggest to you that it may be inevitable. I think that as time goes on and as the whole relationship between the parties and economic decisions become more complex, labor unions, particularly in our type of industry, are going to reach the conclusion that you really cannot represent your constituents if you merely play a role of an institution that receives these decisions handed down by management and you have to accept those decisions. Or if you challenge them, you cannot challenge them effectively because they're irreversible. Take specifically the plant closing situation. I believe that the labor movement reached a conclusion that we cannot represent our constituents effectively unless we're there and are a party to the debate before the decisions are made.

Now, when that's going to come, I don't know. But something else that I believe is absolutely inevitable, at least in the industrial sector of our society, is that more and more workers are demanding a voice at the work place. They're demanding a democratization of the system, and the companies now, I think, are catching on. They have just come to realize what most of us already knew: that the workers are intelligent. The workers can help the companies reach decisions that they couldn't even conceive of without the intelligence of the workers. They're beginning to give the workers a bigger role because it's in their self-interest to do it. But on the other hand, it's democratizing the work place, and it's giving the workers a greater feeling of satisfaction, a greater feeling of achievement and accomplishment, and more important than anything else, giving the workers a sense of dignity, a sense that people appreciate their tremendous intelligence and their tremendous talent. That's happening out there.

I think that is inevitable, and I think representation on the Board, representation on all levels of the decision-making process will come about, will grow, because it's in the true spirit of democracy. In the final analysis, the companies are going to realize, as some of them have now, it's good for all of us.

Thank you very much.

MR. MARTIN MALIN: Thank you, Mr. Fraser, for your re-

marks. We're very privileged today to have a very distinguished panel with us. At this point I will call on each panelist to step to the podium and briefly comment on the matters raised by Mr. Fraser. Following the panelists' comments and after affording Mr. Fraser an opportunity to comment on the panelists, we'll open the subject up to the audience for questions.

Our first panelist today is Edward Miller. Mr. Miller did his undergraduate work at the University of Wisconsin at Madison and at Harvard, and received his law degree from the University of Wisconsin. Among the many positions that he has held, are serving as an industry representative on the Wage Stabilization Board during the Korean War and serving for four years as Chairman of the National Labor Relations Board. He's written many articles on labor law and labor relations, and he's a partner in the law firm of Pope, Ballard, Shepard & Fowle, where he represents management interests. Mr. Miller.

MR. EDWARD MILLER: Thank you, Professor Malin. It really is a privilege to be on this panel with my very distinguished colleagues of the bar here in Chicago, and to follow Douglas Fraser, who is one of the outstanding labor leaders in the country.

I suppose in terms of Mr. Fraser's remarks the traditional response of a management representative to the concept of labor leaders participating in corporate government is to assert boldly, vigorously, if vacuously, the management rights being endangered. My own concerns are not of that ideological nature, nor is my concern that union representation in corporate government is too avant-garde. My own concern is that it is, if anything, behind the times, and that history should have taught us, I would have thought, that it would, in the long run, erode union support.

I had thought that in the last half century unions had learned that participation by union representatives in managerial decision making not only didn't work very well, but was likely to prove fatal to the effective leadership which unions can and should offer to their constituents.

I remember, and I'm sure some of the others of us here do, how very fashionable the advent of Joint Job Evaluation Committees was. This is a phenomenon which seems to me to have strangely escaped the literature of industrial relations, but which is familiar to many of us who sit at the bargaining tables regularly. Those Joint Job Evaluation Committees, with a few very notable exceptions, have pretty well disappeared over the years, and the reasons are very practical ones. They

are the kind of reasons which worry me more about this recent and allegedly avant-garde union participation in management. The most common reason they disappeared was that the union representatives found, after a few years, that they were regularly being accused of selling out the membership. For as unions got into the Job Evaluation Process, if they did a good job, they developed among their own employee representatives and their full time union representatives a real expertise in job evaluation. But almost as soon as they acquired that real expertise, they began to lose touch with the bulk of their membership, which didn't really have the same expertise. And they didn't particularly want to acquire it. After not too long a time, when the union job evaluation representatives and experts began to explain the decisions which had been made in the Joint Job Evaluation Committee meetings, they began to sound (as the membership said) more and more like the company side. The result was not a very happy one.

Those of us who appear regularly at bargaining tables began to see the unions receptive to a change in those contracts which had those committees, the change being to modify or drop the joint committees. And sometimes, indeed, it was the union representatives who asked directly across the bargaining table that we drop those schemes. Sometimes instead they simply informally suggested, maybe out in the corridor, that if the company suggested that kind of a change, the union wouldn't find it unacceptable.

I don't suggest at all that the unions lost interest in being able to challenge management decisions for respective job evaluations. Indeed, that's what they had to begin with. And they certainly ended up wanting to preserve the right to challenge and speak for the employees' view that the job evaluation decision in a particular case was wrong. But it seems to me that the concept of placing union representatives on company boards is very likely to go the same route. If intelligent people like Mr. Fraser serve on company boards and if they're conscientious Board members, they're going in the long run to be just as concerned as the other representatives on that Board about entrepreneurial issues. But if they become concerned and interested in those entrepreneurial kinds of things, once again it seems to me they're fairly likely to begin to speak a language which isn't the language of their membership, but the language of management.

And no matter how good a job Mr. Fraser or other union representatives may do on a company Board in protecting employee wages, employee rights and employee concerns, I think the membership is going to end up accusing the representative of being a sell-out.

What if the Board decides, even in accordance with new standards that Mr. Fraser may help to develop, a system of closing a number of plants and decides to close them? If the union representative on that Board is really convinced that it has to be done on that occasion, I wonder how long the union membership is going to find that kind of partnership between the union and the company acceptable.

It may work for a while. So did the Joint Job Evaluation Committees in the early stages. But I think the same kind of disenchantment is likely to set in at this level as it did at that one.

While the climate that we live in may be beginning to change, the last decade or so has been really the Age of Aquarius, the Age of the Individual, an age in which there has been an epidemic of disenchantment with business institutions. That goes for most of our institutions. It has extended to company management, to union leadership, to governments, to church leadership and to many others.

I have come to believe, on the basis of my own observation, that the increasing decline in union membership and increasing number of defeats for unions in NLRB polls can be probably laid primarily at the door of this emphasis on individuals and this disenchantment by individuals with existing institutions. The management's clients may not like this, but I don't really believe that those NLRB polls reflect a growing love of employees for their managements. Maybe in a few cases it does. But in a great many more, I think it's a plague on both your houses kind of thing. For employees who have some tendency to feel that way (and there are a lot of them), they're going to have their worst fears realized when they see a union officer sitting up there in the Board Room, and their representative maybe going out with other Board members at their country clubs. I'm certainly not suggesting that there's an inevitable class war between employees and management, but I do think that effective union leadership must make very clear to the employees that it's their spokesman and acting exclusively in their interest. And sitting on the Board has to mean and look like working in at least a joint interest. I do not think that the employees will believe that their representative is working exclusively in their interest on that Board.

I do believe with Mr. Fraser that the more truly avant-garde development is taking place at those companies at which day-to-day workplace decision-making is including the workers themselves. I'm sure you're familiar with that concept, one that's been urged by men like Peter Drucker for many years and adopted by relatively few companies

at only a few plants. The concept Mr. Fraser explained, I think, is one of altering drastically the traditional hierarchical structure and permitting direct worker participation in decisions as to methods of production and into a number of other things that have traditionally been the sole province of foremen, plant superintendents and the usual pyramid of authority.

The difference between that and union participation on the Boards or in top management is that the worker himself is directly involved together with his fellow employees in the department in decisions he can see and that have an immediate daily effect on all. That, I think, maybe can work. No separate institution with a distant unknown, seemingly unknowable, leadership is being interposed between the worker and the decisions affecting his job. He's participating directly. He has nobody to accuse of selling out except his fellow employees that everybody can see and everybody communicates with daily.

What the role of the union is in that kind of a new organizational structure is still being worked out. There's as much disagreement about how that should work, I understand, on the union side of that fence as there is on the management side. It's an area in which much experiment may still occur. But that is at least something new and different.

With all due respect to Mr. Fraser, the concept of a distant union representative sitting on an equally distant Board and discussing completely out of sight and earshot of the workers' decisions which are going to affect the employees is, in my view, not likely to work, at least so long as we continue to live in this Age of Aquarius. Thank you.

MR. MARTIN MALIN: Thank you, Mr. Miller. Our second panelist is Harold Katz. Mr. Katz received his Bachelor's Degree from Vanderbilt University and a Master's in Economics and Law Degree from the University of Chicago. He has served as United States Chairman of the International Society for Labor Law and Social Legislation, and is Chairman of the Labor Law Section of the Illinois State Bar Association, among other positions. He has written extensively on labor law and labor relations and is a member of the Illinois House of Representatives. Mr. Katz is a partner in the law firm of Katz, Friedman, Schur & Eagle, where he represents labor organizations. Mr. Katz.

MR. HAROLD KATZ: I want to begin where Mr. Fraser began, with that wonderful story he told about the speech writer. I want to share a story along somewhat the same lines that actually occurred.



I remember some years ago in the Illinois General Assembly, a Director of Labor, who shall remain nameless, was addressing the General Assembly on what was then a major, major issue, which is the persistent one, the problem of unemployment. And shortly before he was to give his speech, one of his assistants who prepared the speech had some new unemployment statistics. Because he wanted the speech to be quite up to date, he borrowed the first three pages from the Director's speech, made the changes and handed the speech back to the Director.

The Director put his hands together and perchance, Pages 4 and 5 and 6 were on top, and he put 1, 2, and 3 under them. And so I remember well that the Director got up and began his speech and started reading on Page 4, 5, and 6. He continued, and then without a break, he went to Page 1, 2 and 3, and sat down in the middle of a sentence amidst thunderous applause.

Well, I am interested in the field of ideas, and I think that that's a field in which a university is interested in. There's always a great danger to be bound to traditional institutions. And I take off my hat to the person or group willing to experiment.

We have a society full of problems. We have great rigidities in falling into institutional arrangements, and we are largely unwilling to try new forms. So the first thing I want to say is that I think it's great that Mr. Fraser is trying a new approach. I think it augers well that we can test it out.

There's a great danger that we may view this as an all or nothing situation: that you either have to have worker participation or you don't have to have worker participation. General Grant once said that he could only recognize two tunes. He said one was Yankee Doodle and the other wasn't. I have the feeling that sometimes we're presented with these choices as though you have to either be for worker participation everywhere or you are for worker participation nowhere. I believe that that's a false dilemma that is presented.

I think that there are situations that have arisen that call for problem solving. These attempts at problem solving should not be limited by the fact that this hasn't been done before. I think that with a little open-mindedness and the kind of objectivity that this kind of law school has, you can look in the field of comparative law and you see what other societies have done. You discover that other democratic societies have, in fact, evolved different forms of worker participation,

that they have not let themselves be bound by tradition, and that they have been willing to experiment.

We come to the basic question whether there are legal restraints that would prevent this kind of experimentation. Mr. Fraser has put these things in very practical terms. He's a pragmatist and a trade unionist, and that's the way that he approaches problems.

I imagine that most of you are lawyers or you wouldn't be here, and lawyers look at things in terms of legal institutions and in terms of fields of law. Is there anything in the various fields of law that prohibits this kind of experimentation? First you look at labor law as to whether or not there's anything in the National Labor Relations Act<sup>3</sup> or other facets of labor law to prevent it, and I would doubt very seriously if it was ever intended that Sections 8(a)(1) and (2) of the National Labor Relations Act were ever designed to prevent worker participation.<sup>4</sup> When they talked about domination support and interference of employee rights, they really were not talking about worker participation, whether at the corporate, legal or some other level. I do not believe that there's anything in American labor law that precludes this.

Mr. Fraser has alluded to the general problem of corporate law, to the problems of conflict of interest. Are those principles prohibitive of the kind of experimentation that he talks about? He has indicated, I think, the key to the solution of those problems. He has indicated that in entering the arrangement there has been a full disclosure made to all of the interested parties. All of the shareholders of the corporation have had a full disclosure in the corporation brochure that was mailed out. They knew when they elected Mr. Fraser what his proclivities were and what his interests were. This is similar to various kinds of legislative enactments where public officials have to show all of their interests. Then if the voters want to elect that kind of person with those interests, the voters are entitled to do it. Similarly, if the voters who hold corporate stock in Chrysler elect someone with these kinds of ties, that is their choice. They have only themselves to blame if those guys

3. 29 U.S.C. §§ 151-169 (1976) [hereinafter referred to as the NLRA.]

4. 29 U.S.C. § 158 (a)(1) and (2) provide:

(a) It shall be an unfair labor practice for an employer—  
 (1) to interfere with, restrain, or coerce employees in the exercise of the rights guaranteed in section 7;  
 (2) to dominate or interfere with the formation or administration of any labor organization or contribute financial or other support to it: *Provided*, That subject to rules and regulations made and published by the Board pursuant to section 6, an employer shall not be prohibited from permitting employees to confer with him during working hours without loss of time or pay;

infuse themselves into the decision-making process. It was a conscious decision.

Finally, the other field of law that comes into play is the antitrust field of law. Mr. Fraser alluded to the problem with regard to whether or not the FTC or the Antitrust Division would or would not have prohibitions. Certainly the union's role is a very limited role. It's very clear that they're not trying to control the marketplace. It's not an *Allen Bradley*<sup>5</sup> or *Pennington*<sup>6</sup> kind of situation where the union is conspiring with one competitor to adversely effect another competitor. I doubt if in the long run the courts in this country would confuse worker participation with the attempt to dominate or control a market.

Mr. Fraser indicated that the real problem was that there was no other way to solve the problem of worker interest than getting in there and stating these positions. He says that it's all very well to issue statements after a decision has been made, but that once the decision has been made, it's too late in some situations to participate. And I thought, as he spoke, about labor's participation in the political realm. Why did labor get into politics? It got into politics because it concluded that it could not solve all of its problems (and some of its most significant problems), through the process of collective bargaining. There were problems that required other kinds of solutions. I would suggest to you that worker participation in corporate decisions is no different.

In fact, it is gone into for the same reason that unions have gone into political action, because there's no other way in the use of collective bargaining to have that kind of input.

Finally, I would say to you that an institution that increases worker participation and satisfaction, with the consequent increase in productivity that comes from a satisfied worker, should not be lightly discarded because we are somewhat hide-bound by long tradition. I welcome an emergence of this kind of concept into the domain of first amendment rights in the United States.

MR. MARTIN MALIN: Thank you, Mr. Katz. Our third panelist is Lee Shaw. Mr. Shaw received his Bachelor's and Law Degrees from the University of Chicago. He is presently a member of the Arbitration Services Advisory Committee of the Federal Mediation and Conciliation Service, and has served in the past as a member of Presi-

5. *Allen Bradley Co. v. Local 3, IBEW*, 325 U.S. 797 (1945).

6. *United Mine Workers v. Pennington*, 381 U.S. 657 (1965).

dent Johnson's National Labor Management Panel and is on the Illinois Governor's Advisory Commission on Labor Management Policy for Public Employees. He has written extensively in the area of labor law. He is a partner in the law firm of Seyfarth, Shaw, Fairweather & Geraldson, where he represents management interests. Mr. Shaw.

MR. LEE SHAW: Thank you very much.

In just a few minutes I obviously cannot give you my reasons for believing that our economy is going to be in trouble for a long time. And that's going to make it difficult for us to get the job done, to be again competitive in the world markets. Much of the pain and suffering that many are experiencing is not just going to go away in a very short period of time. In other words, it's not a mild recession.

We all know that our labor costs in major industries like auto and steel are substantially higher than they are in Japan, for example. If we have to compete, for instance, in parts manufacturing with the third world countries, you're talking about labor costs that are maybe only 10 to 15 percent of what the labor costs are in this country. And the international competition is not going to go away.

Since World War II we have had six recessions, using the definition of most economists as to what constitutes a recession. Two of these lasted two years each, and the other four averaged out to 11 months. Now, if you take the announcement from the White House about a week ago that we're not in a recession, you would be in one, if this history tells us anything, for all of 1982 and possibly into 1983.

I'm not standing here preaching gloom and doom for no other reason except to have you concerned if you assume that my forecast is reasonably accurate. I think it's important to consider this very serious economic problem, because it means that efforts to solve the problem are going to have to be made by everyone who can possibly make a contribution. Obviously, the most important persons in making that contribution are going to be the leaders of industry and the leaders of unions.

Unions are not going to go away, although some people have thought over the years that that might happen, maybe even prayed that that might happen. But I assure you, they're not going to go away. We're going to need the Mr. Frasers, and we're going to need the management persons that can look at this situation as serious as it is, and it is terrible for those people who are out of jobs for a sustained period of time, and they're going to have to find some solutions.

Speakers at a panel I participated in last Tuesday in Los Angeles felt the solutions were these joint efforts to increase productivity. That's a very naive point of view. Our productivity certainly can be improved. You can't be against increased productivity. That's like being against motherhood or apple pie or something. Everybody's for that.

UAW and General Motors have had these quality of life and other arrangements, many of them over many, many years, and so have many other companies in the United States. But there just isn't enough there in the way of improving productivity or reducing absenteeism to make up this big difference that we have from a competitive point of view in producing products that can be sold on a world-wide basis. And we're in a world-wide economy. We're not in an economy, and probably never will be in our lifetime, in which you're going to think if things are going pretty well in the United States, it doesn't make any difference in the rest of the world. You know better than that; you don't have to be sold that.

So the solutions have got to be found. I think that it's true in our history, and I hope that it's true in the future, that we find a way to solve these problems. I don't think they have ever been as big from a business and economics point of view as they are today. I think that a lot of people share that view. But I have confidence that out of this serious situation we have the ingenuity, inventiveness and willingness to try new things, which are going to work. We're going to have to do it together.

MR. MARTIN MALIN: Thank you, Mr. Shaw. Our fourth panelist is Marvin Gittler. Mr. Gittler received his Bachelor's at Syracuse University and his Law Degree from the University of Chicago. He's formerly an attorney with the National Labor Relations Board and past Chairman of the Labor Law Committee of the Chicago Bar Association. He's also an Adjunct Member of the faculty here at Chicago Kent.

Mr. Gittler is a partner in Asher, Goodstein, Pavalon, Gittler, Greenfield & Segall, and specializes in representing labor organizations. Mr. Gittler.

MR. MARVIN GITTLER: Thank you, Marty. Ladies and gentlemen, Mr. Fraser. I'm really awed, but not humbled, to be on a panel with three co-panelists whom I greatly respect in my profession, one of whom I admire.

In listening to Mr. Fraser, I think that a concept has been lost, certainly by my favorite reactionary, Ed Miller. The concept, which I think was rearticulated by Harold Katz, is that the experience related by Mr. Fraser is an example of an experiment. It is not and has not been suggested as the panacea for the economic, social or cultural ills that have now befallen this country.

I'm concerned that the attitudes expressed in opposition to this experiment will defeat it before it has been given a fair chance. There's a perspective, a cultural one almost, that we have been raised with. Essentially it is that management manages and workers work, somewhat of a euphemism for what was eliminated by the thirteenth amendment to the United States Constitution. But the perspective has to change, because the current perspective which excludes experimentation and creative activity, I think, does a disservice not only to the working men and women of this country, but indeed to management.

Where perspectives will not change, funny things sometimes happen. There's a story represented to me as somewhat true about a small town in a southern state. It was one of these small southern towns that had one major industry, one major plant that was headed up by a plant manager lovingly referred to by the workers as Attila.

As happens in small towns and as happens in big towns, the plant shut down. The town and a goodly number of its people were unemployed. Jobs obviously were scarce.

There came an opportunity one morning for a job for two people. The job was that of emptying a honey pit. A honey pit down south, for those of you who don't know what we refer to it up here as, is a septic tank, a cesspool. Every once in a while these honey pits have to be emptied out. Applications were made for the job, and lo and behold, the ex-plant manager was hired, as was the ex-business representative of the union in the plant.

The plant manager got up at four a.m. although the job was to start at seven a.m. and was waiting at the honey pit when the business agent showed up. When the ex-business agent showed up, they began working feverishly. Before the ex-business agent could do anything, the ex-plant manager jumped into the honey pit up to his neck in you know what. He was handed a bucket, and he began scooping out from the honey pit what was in the honey pit. He handed it up to the business agent, who daintily took the bucket and dumped it in a truck. This went on all day, the ex-plant manager in the honey pit just scooping up and the ex-business agent daintily dumping it in the truck.

About three o'clock in the afternoon the Sheriff came by and saw what was happening. His mouth fell open, awed by the respective roles that the ex-business agent and the ex-plant manager had assumed. He could not contain himself. He walked up to the edge of the honey pit and said to the plant manager, "Boy, what has happened here? Why are you down there and this ex-business agent is daintily dumping the buckets into the truck?"

The plant manager looked up, still up to his neck, smiled and said, "Sir, I have never taken any s--- from a business agent, and I do not intend to start now."

I do not agree. I do not agree with Brother Miller, who equates the Age of Aquarius with the Age of Disenchantment. I think while it's a fact, it's too surface a fact to have serious relevance to the problems raised by Mr. Fraser, and at least a part of a solution which he and his institution are attempting to resolve. It's not the problem that workers are disenchanted with existing institutions. That's the fact. Why? I do not believe that question has been sufficiently examined.

I would equate the Age of Aquarius with the Age of Awareness. The educational level, the knowledge and the skills of the current and coming work force is far different than those of the work force which has developed the attitudes to which Ed Miller referred. We're dealing, in many of the unions I represent, and I believe it's correct particularly in Mr. Fraser's industry, with growing numbers of employees with college educations. It's no longer unusual even amongst truck drivers, although they make good money too, to find well educated, knowledgeable, articulate people. They are as knowledgeable and as articulate, perhaps more so in their own arena, as many of us are here. These are individuals who hold the key to the future. These are not individuals who have been taught by the same culture that Mr. Miller tried to articulate to merely sit back and accept that which is doled out.

I agree that their representatives ought to exclusively represent them. I do not agree that conflict necessarily arises from worker or union participation in what is known as ultimate management decisions. It's an experiment. I believe it's an experiment whose time has come. The mini-experiments of worker shared day-to-day control, the Swedish experiment, sometimes worked. More often than not, in this country, it has not worked. That doesn't mean that the experiment should be prohibited. That's all we're talking about. The notion of worker participation in management decisions, whether considered avant-garde or radical, very frankly, is no different if you turn the clock

back a mere 40 years and do reading around the period of 1935, or 1937. It's no different than the attitudes that were expressed when the New Deal proposed and ultimately passed the National Labor Relations Act. Visions of Armageddon, economic Armageddon, were expressed throughout. We have survived.

Contrary to Brother Miller and Brother Shaw, I'm not concerned with the Japanese experiment. What's interesting, by the way, is that if you have a layoff situation in Japan, they don't start at the bottom. Management gets laid off first. That, by the way, curtails an awful lot of layoffs.

In any event, I would encourage the kind of experiment that Mr. Fraser and his organization are engaging in. I agree with Harold Katz, that in a sense, it's this type of intellectual curiosity and intellectual willingness to gamble which may in the long run resolve some of the ostensible dilemmas between worker and management. I do not believe they are as deep. I believe that their common interests in job security and the hope of a better life are shared.

MR. MARTIN MALIN: Before we take questions, let me ask Mr. Fraser if he'd like to take a minute to respond to some of the comments that have been made?

MR. DOUGLAS FRASER: Just a couple of minutes. I obviously agree with Mr. Gittler and Mr. Katz. I disagree with Mr. Miller, and I don't know where Mr. Shaw stands on the issue.

Mr. Gittler really said it, and I should have said it: I don't view my being on the Chrysler Board as something revolutionary. It is an experiment. You've got your foot in the door, it's just barely a toe in the door. It's just a beginning. But we can learn from other people in the world.

We're an innovative nation, with a lot of ingenuity. It just so happens, that if you look at the social history of the world, we learned from a lot of other people. I look at the German situation where their labor unions have a very, very meaningful role on a supervisory board. In fact, they're in a very strong minority position. They just lack the deliberately designed board so that the management has a majority of one. And then people, in Congress particularly, always marvel at the economy of Germany, and how stable it is, relatively speaking. Germany has a low inflation rate and low unemployment. I can make the argument that a lot of that is due to the meaningful role that the labor movement plays in Germany. And this is the New Germany. In fact,



the first thing that Hitler did was get rid of that hierarchy. Now it's rebuilt and vibrant, and it's challenging and I think innovative.

Mr. Miller made an analogy between a union's participation on Boards of Directors and on Joint Evaluation Committees. I can tell you that we still to this day have joint evaluations, a Joint Study Committee. There are really two views on this. If you want to be easy and if you don't want to have the courage that it takes to make some unpopular decisions, you stay aside and let somebody else make the decisions for you. The jobs might disappear. This is the easy way out. You can blame everything on the company if you don't want to assume the responsibility.

I think the most important point in Mr. Miller's remarks was when he ran through a litany of decisions that workers shouldn't be involved in. That's very interesting, because just a few years ago management said it's not the workers' business how a job should be designed or what the methodology should be. Now with the great input of the workers and intelligence of the workers and the ingenuity of the workers changing, the time will come to pass where the workers will be participants in making decisions that Mr. Miller says they should not be participants in.

I would suggest to you that if the auto workers had a voice in the standard of quality of the cars and materials, you'd be driving a lot better cars today than you are. But now management has even recognized that. For the first time that's come a long way within the past year. We're partners in making decisions in terms of quality. You haven't seen it yet if you haven't got a new car. We're building better quality products than we ever have before in the auto industry, and in large measure it's due to increased worker participation.

I don't try to kid anybody about this. I try to be practical and look at things as they are. There are suspicions, as Mr. Miller suggested, even now among our members about whether or not this new role really is in their interest.

It's a very interesting thing that's going on out there, and it goes to Mr. Gittler's point. The members of our union are much better educated today than they were. They challenge the leadership, and it's good for the leadership. It's not like it was in the old days when I was a steward. A committeeman in the shop would tell the worker, "Follow me. Run against that wall." They wouldn't even ask me why, they'd just run against the wall. Now they ask questions, and they want the right answers.

I tell the older people in the union, my generation, who don't see it, that you really strengthen the organization this way, because you not only have a worker with you emotionally, you have them intellectually.

Those who have suspicions about my being a member of the Chrysler Board are not the new members, the ones that challenge us, the ones that are better educated. They are the old members who are living in the past. They can't comprehend a member of the union who is sitting on the Board of the Chrysler Corporation.

Let me conclude by saying this. I don't want to overstate the Chrysler case. I believe it's just an experiment. Maybe in 1982, rather than have a member of the Board, because of impediments of law we'll take some different direction. But I can guarantee you, in the end it will result in the workers of our union having a greater voice in their destiny and own future. They will not be dependent upon, nor will they allow, management to run their lives and determine their destiny and give them no voice in irreversible decisions.

QUESTION: To Mr. Fraser, and perhaps before the question, just a comment. If the history of American labor has taught us anything, it was that the unions exist in order to meet an unmet need of the worker. What is the consequence, then, in an unorganized facility where the employers, generally unilaterally, voluntarily put an employee representative on the Board or engage in joint participation and fundamental decision making? What effect on the American trade union movement will this have if it's done generally in the unorganized facility? What you were talking about is the experiment where there's already a union.

MR. DOUGLAS FRASER: To the degree that management at an unorganized shop treats workers with civility, and gives them the dignity that workers deserve, whether they belong to a union or not, it makes it more difficult for us to organize that plant. Workers have to be motivated or organize. If the management is smart enough to have the commitment to provide the workers with a decent work place and decent fringe benefits, and more importantly, give them a sense of dignity and treat them with civility, that plant is hard to organize.

I think that in terms of the labor movement, we aren't failing as an organization for the reasons that Mr. Miller states. We're failing because managements are becoming more sophisticated. They hire guns in the legal profession that know every trick in the book about how to deny you representation.

I was just talking about this before we got here. We had an election in the Kawasaki plant in 1978, and the company committed outrageous violations which the National Labor Relations Board found. And it's winding its way through the courts. We had another election in 1979. They repeated the same violations again. They found for the union, and that case is still being heard in the next week or so, from 1979.<sup>7</sup>

To the degree that management treats workers with civility and dignity, the more difficult it is for us to organize. I would think that management giving workers an effective voice in their own destiny in the future at an unorganized plant would make that plant more difficult to organize.

MR. MARTIN MALIN: Any additional questions? Let me also invite our panelists to jump in if they have any contribution to answers to the questions after questions have been answered by the speaker to whom they have been addressed.

QUESTION: I was interested in some of the remarks that my good friend, Ed Miller, made. And I thought it would be important to keep in mind that the present industrial crisis is one that we came to at a time when there was no union representation on any of the Boards of Directors that have brought us into the present crisis. The argument made by some of the people on the panel about the need for experimentation is strongly supported by the fact that I think industry has failed to do the job and needs help. I think the labor movement ought to have an opportunity to help.

Another point that I think is made against the concept of worker participation is what I think is the old shibboleth of the conflict of interest. I think that the management panelists as well as the union panelists will agree that if anybody knows how to deal effectively with the accommodation of different rights within their own groups, it's labor leaders. In every seniority situation, labor representatives must accommodate very severely conflicting different interests. Every contract negotiation, every concession that a union makes, every arrangement that's made represents a compromise of the interests of some of the very constituents that the labor leaders are dealing with. That type of experience, that type of ability to move with problems, is the kind of ability that would make union representation on decision-making

7. *Kawasaki Motors Corporation and U.A.W.*, 257 N.L.R.B. No. 69 (1981).

boards in industry very effective, at least again to experiment with that concept.

But I take the most umbrage, I think, with the concept that Ed Miller proposes—I guess he made it in passing, about the reason why workers vote against unions more and more. Mr. Miller made the old argument about workers wanting to vote for individual rights. I'm reminded that when I was a younger man a few years ago, the idea of unionism was opposed because it was an infringement on individual rights. And I have never forgotten the words of Anatole France that the concept of equality is that rich people and poor people alike have the right to sleep under bridges.<sup>8</sup> I think that that's an idea whose time is gone. If that is really what Mr. Miller believes, then I suggest that Mr. Miller and other prominent management attorneys propose to their clients the following. Instead of threatening to close plants if a union comes in, instead of firing union leaders, instead of saying if you vote a union in we may not have jobs for you, management should just say to the workers: "Fellows, we believe in individual rights. If you want a union, vote for it. If you don't want a union, don't vote for it." If management will take its chances on that concept, I think we'll make a great deal of progress.

MR. EDWARD MILLER: I'm not sure that was a question. I'd be happy to respond to it. I couldn't have let your comments or Mr. Fraser's about the union election losses go by without a comment at least, and the comment is a very simple one.

In 90 percent of the elections that the Board conducts, there are not only no unfair labor practices, there are not any objections to the elections. Those elections are lost by just about the same increasingly high percentage as those in which there are accusations of employer misconduct. There are very basic changes in attitude on the part of American workers. I don't know all the answers to why that's true, and I don't think the union workers have been able to find the answer from their point of view.

It does seem to me that the disenchantment with institutions is major. I don't think anybody can tell us what is the problem. It's certainly not the boogymen of the "Unfair Labor Practices," because there

8. "The law, in its majestic equality, forbids the rich as well as the poor to sleep under bridges, to beg in the streets, and to steal bread," wrote Anatole France, 1921 Nobel Prize winner, in *L'Affaire Crainquebille* (1901), a three-act comedy portraying the unjust treatment of a small tradesman.

were no unfair labor practices, no accusations in many elections. Yet labor unions are losing by increasingly large percentages.

As to experimentation, I'm sorry if you misunderstood my remarks or if the group did. My criticism of the union representative on the Board of Directors thing was not that it was so avant-garde, but that it's too old hat. Some different solutions have to be found if we're going to catch up.

I do think the union, as I said, should be in the work place. I agree with you and Mr. Fraser that management didn't understand that a few years ago. They have to come to these decisions, and there are some interesting experiments going on concerning worker participation in the industry. I think it's fascinating. I don't think anybody knows how the unions exactly fit into the picture. That's going to become clear over the years.

QUESTION: I'd address this question to any member of the panel. Do you perceive any inconsistency between the fostering by Mr. Fraser of a dialogue between management and labor in this area and then the auto workers' demand for a muzzling of General Motors in the southern strategy?

MR. LEE SHAW: I don't see any connection.

MR. MARVIN GITTLER: Neutrally, you mean?

QUESTION: Yes.

MR. MARVIN GITTLER: I agree with Shaw.

MR. DOUGLAS FRASER: I agree with Mr. Shaw.

MR. HAROLD KATZ: Well, I don't really, you know. I don't know the point the spectator is really making.

The laws of the United States presumably are directed to enable employees to be able to decide the question and not have management decide the question. We had a big Labor Reform Act that was coming along that was designed to curb management's making the decisions for working people. When General Motors or other companies go to the south with the avowed purpose of depriving employees of the right to make that decision, that's a far cry from the situation of worker participation where the management voluntarily agrees or invites the union in to be on the Board.

As I understand the situation, Mr. Iacocca invited Mr. Fraser to be a member of the Board and recommended him to the members. Well, that's a voluntary act, but it's not a voluntary act to deprive a person, to force a person under threat of losing their job, directly or indirectly, to vote against a union. That's quite a different situation.

QUESTION: I'd like to direct this to Mr. Fraser and Mr. Miller. Both of you gentlemen speak of the problem with having a union representative on the Board of Directors as in some way suspicion of the union members that the person on the Board of Directors would come to represent management and its interest more. I would suspect that that person was representing management's interest more than the employees.

My question is this. Mr. Fraser, do you foresee the day when the employees will have more of a voice in the selection of who will represent them on the Board of Directors, and if so, how do you foresee that coming about?

And my question to Mr. Miller in return is do you see this possible development as a step toward removing the suspicions that the workers might have as to their representation on the Board of Directors, and if so, would that make it more palatable to you to have a union representative on the Board of Directors?

MR. DOUGLAS FRASER: First of all, I agree with you completely. I would feel much more comfortable if we had a mechanism by which the Chrysler workers themselves could have made the decision. It just so happened—coincidentally, that I happened to have many, many years seniority. I started working in the Chrysler plant that made the De Soto. That was the car that used to be built by the Chrysler Corporation, if you didn't know. But I would much prefer it that way, and that essentially is the way it's done in Germany. It would be much better.

MR. EDWARD MILLER: I guess maybe my view is too cynical. I don't think it would make much difference. It seems to me again, that I seem to see society differently, and I hope I'm wrong. It seems to me it's particularly the newer deference to the work force that Mr. Gittler refers to as perhaps more educated, more sophisticated membership in the work force. I do believe that there are increasing difficulties even if the representatives are chosen by them.

It seems to me that the younger people, both in the work force and

our society, are—I don't like this development, but it seems to me they are less interested in the democratic processes by which they vote to elect somebody at a far distant location. This is true whether it be in Washington, Congress, the Presidency or the top level of a company. In this Age of Aquarius, our concern is what goes on right around me. And I'm not sure that participation, along with thousands of other General Motors workers, on which person should be the union representative on the Board has very much meaning to the average worker.

MR. MARTIN MALIN: One last question.

QUESTION: I'd like to address this to Mr. Fraser. In considering what the purposes of unions are, and then considering the purpose of management and also realizing that in this country unions are still fairly young, it's not surprising to me that there are fewer and fewer areas which might be solely the concern of management. As you mentioned, unions are now making decisions in their working environment on how the cars are put together. So with the youth of unions, it's not surprising to me that those exclusive areas are slowly falling away. But it seems to me that there are going to remain some areas that are exclusively the concern of the management. Although the work force is becoming increasingly educated, they're educated in different areas than the management has become educated in. For that reason, it seems to me that that area of exclusivity is going to remain and some conflict of interest must still be there with your sitting on a Board of Directors for a corporation in that capacity. I wonder if you would address those comments?

MR. DOUGLAS FRASER: Let me cite to you, because I know it fairly well, a Volkswagen experience in Germany. They had to really get approval, although they were in the minority, a very substantial minority, and the majority didn't want to impose their will on the minority, of building a plant in Westmoreland, Pennsylvania, at the time that they had 26,000 people unemployed, and they deferred that decision until times got better for Volkswagen.

I see no area that should be excluded. But I want you to understand, I'm not suggesting that the labor movement or the people representing the labor movement become the dominant or majority point of view. All I want is for the labor movement, for the workers and representatives to have a voice in all the decision-making process, and not the deciding voice, not the convincing voice. I want them to have a

voice before decisions are made. I want management to have a different perspective, to get a different point of view, to get a better understanding of how any decision impacts upon the workers. And then I don't visualize a day when management will not have the power to carry their will forward. But I want them to listen. I want them to comprehend. I want them to consider the points of view of the worker.

MR. MARTIN MALIN: At this point I will ask each of our speakers if they have any concluding remarks that they would like to make.

MR. MARVIN GITTLER: Just briefly, some of the questions lead me to conclude that what I suggested or what was suggested is perhaps more real than I had supposed. There's the notion of breaking out of the myopic cultural cocoon in which we live, that there's something inherently different in management and workers. Management are workers. They perhaps are more highly paid, although I run into an awful lot of them at the bargaining table when the plant manager wasn't looking, asking for an authorization card. They too would like input. The essential difference is the fact that what is today called mid-level management has the direct ear of high-level management. It's just another task that they perform.

I do not see, I repeat, the conflict between management goals and worker goals. Management does not want to see a plant close. Workers do not want to see a plant close. Then why is the plant closed? Are there alternatives to closing the plant? I don't know. But why not talk about it with the people who will be more directly affected than the decision makers. The decision makers, if they close a plant, and this may come as a shock, generally are not out of a job. Generally you do not see those decision makers on the unemployment lines. Why not ask the opinion through a chosen representative of that resource, which is probably the most vital resource this country has, its people.

MR. LEE SHAW: I think it's perfectly obvious that Mr. Fraser doesn't agree with his fellows on the Chrysler Board, because he's in a serious situation that existed in Chrysler that you read a lot about. I tried to suggest to you that I think the conditions, the economic conditions in this country today, as I view it, for some time to come, are going to force us into trying some things we haven't tried before. One of those is a directorship on the Board.

I'm on three boards of directors. I would be happy to have Mr.



Fraser sitting next to me on any one of those boards. And I have a feeling that we're going to try a lot of things, but we're going to have to try them together, and we're also going to have to recognize that we can't continue to have negotiations resulting in highly inflationary wage increases and labor costs which puts us in a complete disadvantage in the world.

Having union representation on the board of directors knowing all of the financial problems could be very helpful, I would think; and I also cannot get out of my mind that Mr. Fraser has got to be in a very difficult situation. I close with that. I don't envy him.

MR. HAROLD KATZ: Well, it gets down to a couple of very homey American aphorisms. The first is that two heads are better than one. Mr. Fraser brings to the world a different point of view than most of the members of the board. They are free to accept or reject his viewpoint. But if his viewpoint is not expressed, they may not be free to accept or reject it. It may never have occurred to them, that particular point of view, so I think it's useful.

And the second aphorism is that the proof is in the pudding. We'll have to wait and see. I have been rather impressed totally from the outside viewing what's been going on in Chrysler. With the great deal of difficulties that they are beset with, they seem to me to be doing rather well under all the circumstances. Time will tell, however, as to whether the proof is going to be good or not.

But without the experimentation, there can be no proof. So that unless we do try out the institution, we'll never know whether it has something of use to contribute to that American society. And so I think it's an entirely desirable thing that we're now getting to observe it in action.

MR. EDWARD MILLER: I would only make clear that I join my colleagues in their appreciation of motherhood, the flag and experimentation, but that I would notate the title of my comments "Union participation in corporate management or how unions can keep losing members." Thank you.

MR. DOUGLAS FRASER: Mr. Miller, thank you for being here. I appreciated your attention and your courtesy.