ALTERNATIVES TO LAYOFFS

by

Edith F. Lynton

Based on Conferences held by

THE NEW YORK CITY COMMISSION ON HUMAN RIGHTS

April 3 - 4, 1975

Eleanor Holmes Norton
Chair

TABLE OF CONTENTS

Preface...i

Introduction..1

I. THE GENERAL APPLICABILITY OF ALTERNATIVES TO LAYOFFS..........6

Relative Merits of Various Alternatives.................10
Reduction of Benefits.......................................12
Voluntary Furloughs...14
Early Retirement..15
Attrition and Transfer......................................16
Work-Sharing Approaches.....................................16
Union Responses...24
Non-Union Companies...28

II. THE MODELS...31

The Washington Star...32
Hewlett-Packard...37
Pan American Airways..39
Western Electric Installation, A Division of the Western Electric Company.............42
The Dressmaking Industry in New York City..............44
The New York Telephone Company, Operators Service Department...............47

III. IMPLICATIONS FOR NATIONAL POLICY.............................50

Centralized Information Service.........................51
Technical Assistance..52
Benefits..53
Unemployment Insurance......................................54
Federal Action..58
Guidelines..59

IV. APPENDICES:

Schedule of Witnesses.......................................62
Agenda..66

PREFACE

The American economy stands at one of the most critical points in the nation's history. The character of the economy itself appears to be undergoing a change that is both a function of dramatic international developments and accumulated national problems. An increasing tolerance of high unemployment is the chief by-product in human terms.

Most troubling is the poverty of national responses, which continue to look to remedies developed largely out of the Great Depression. Devastating as that experience was and relevant as many of its remedies still are, they can hardly take us the full way out of today's more complicated economic problems.

This report is an exploration designed to provoke discussion and action beyond the more traditional remedies to unemployment. While the Commission regards a full employment policy as the only acceptable answer to unemployment in the long run, we believe the country has an obligation to seek short-term remedies for unemployment. Unemployment insurance is just such a remedy that has long been accepted as a way to cushion joblessness. But we have used unemployment insurance almost exclusively to subsidize unemployment. One of the proposals in this report, for example, calls for the use of unemployment insurance to

subsidize work-sharing so that a worker on a shortened work week would be subsidized on the day he is without work, thereby putting a premium on working instead of unemployment. The Commission believes that work-sharing subsidized with unemployment insurance appears to be one of the most promising and practical alternatives to unemployment. The fact that this and other alternatives have not been more vigorously investigated or pursued is itself a comment on the state of the search for new policies to mitigate unemployment.

This document discusses this alternative and others as they were developed at a working conference on alternatives to layoffs in the spring of 1975. The conference was part of Commission efforts to develop approaches within its mandate to prevent and remedy discrimination against minorities and women. Our purpose was to explore the technical aspects and policy implications of layoff alternatives so that Commission policy would be both fair and practical. It soon became apparent that this subject has ramifications well beyond discrimination and Commission objectives. Because what is involved goes to overall manpower and employment policy, we are therefore making this report available to the public.

Eleanor H. Norton

Eleanor Holmes Norton
Chair

September, 1975

INTRODUCTION

As the 1974-75 recession deepened and unemployment rose to an alarming post-war high, the New York City Commission on Human Rights became increasingly concerned that the gains made during the past decade toward equalizing job opportunity for minorities and women would be nullified. Unemployment in this recession, as in all prior periods of economic decline, has been the unequal burden of minorities and women, because layoffs, whether in unionized or non-unionized settings, tend to follow seniority. Currently, disproportionate joblessness has fallen again on those least equipped to sustain it, and threatens to perpetuate the inequality of opportunity that has been an historic characteristic of the national labor market. To allow this to happen in 1975 is even more intolerable than in the past. Through arduous efforts made under affirmative action in recent years more minorities and women have only recently been included in stable full-time and better-paying jobs, and thus are for the first time a part of the labor force that offers greater security and advancement opportunity.

To date, most of the concern with this problem has focused on the legal conflict between the principles of affirmative action and of seniority. In the Commission's view, any resolution of the conflict between these two principles that takes the form of simply shifting the burden of unemployment from one group of workers to another is undesirable and inequitable.

The current conflict between affirmative action and seniority, moreover, must be recognized as a transition phenomenon. When all job seekers have enjoyed equal access to work opportunities long enough, the application of seniority rules to employment decisions will no longer manifest a significant disparate effect on the basis of race or sex.

The fundamental problem, in the Commission's view, resides in the conventional assumption that unemployment is a necessary consequence of the shifts in the level of production in a free economy. The Commission rejects this assumption on the basis, among others, of the experience of other Western capitalist nations. It is time this country became as creative in exploring all possible alternatives to layoffs to maintain a higher rate of employment. The Commission conference and this document seek to provide a basis for serious exploration of cost-saving alternatives adapted to the American situation and economy. The utilization of such alternatives, the Commission believes, would not only preserve the vulnerable jobs of minorities and women in this current recession, but could have implications extending well beyond their rights and immediate national economic problems. The Commission shares the view expressed by the National Commission for Manpower Policy that American society needs to take a fresh look at its manpower policies and develop more humane and less costly ways to deal with cyclical or structural economic change. It can no longer be considered tolerable in a developed society to allow individuals to become the indiscriminate casualities of a fluctuating economy. New strategies are needed to make full employment policy a national reality.

Recognition of unemployment as a problem that demands public attention and national remedies was one of the major achievements of The New Deal. But what is surprising in a dynamic society is that the two principal developments of the 1930s designed to cushion the impact of unemployment, Unemployment Insurance and Public Works Programs, are today still the only national strategies, and both remarkably unaltered in design and application. The urgent need is to transform national policy from one of mitigation of some of the economic hardship of job loss to one of providing an assurance of continuous full employment. First priority for the nation is, of course, achieving full employment. Many Western European countries have made marked advances in this direction through a great diversity of public policies, including active labor market policies that even go as far as requiring work-sharing in lieu of layoffs.*

Against this background of immediate and longer range concerns, the Commission determined to stimulate thinking about the alternatives to layoffs. The ability of the city government earlier in this recession to minimize layoffs by negotiating with municipal unions for a temporary waiver of days of paid vacation, early leaving time and other

*Beatrice G. Reubens, The Hard-to-Employ: European Programs, Columbia University Press, 1970.

perquisites reinforces the Commission's belief that methods other than wholesale layoffs can be found, especially in areas of employment endowed with greater flexibility. To explore the relative merits of various alternatives, and their applicability to different businesses and industries, the Commission called two full days of conferences. The focus of the conferences was on voluntary action to avoid or minimize layoffs. Discussion of governmental action was confined to those actions that would stimulate voluntary experimentation with alternatives. Nevertheless, the participants recognized that alternatives to layoffs are only short-term remedies both to eliminate some of the continuing inequity based on race and sex and to diminish total unemployment.

Two carefully selected groups* were invited to participate, including leaders in business, industry, national labor unions, mediation and arbitration experts and legal scholars and economists. Business and labor participation ranged from representatives of industries that never have experienced layoffs to those where change in the size of work force is a long-term and chronic problem. The conference discussions included detailed analyses of actual experience, assessments of the theoretical applicability of this experience to other industries, as well as options not yet tested at all, or to any significant extent.

*A list of participants is appended.

Discussion was informal and free-flowing, but to stimulate and focus participation, an outline of topics was prepared, and is appended to this report. The outline was intended as a comprehensive overview, and although all major topics contained were discussed in considerable depth and detail, some sub-topics received less attention. Work-sharing approaches attracted the most interest as the strategy offering the greatest potential for minimizing unemployment in the current recession. Broader legal and macroeconomic implications of the proposed alternatives and their relationship to national economic policies also were assessed. Much in the transcript of the conferences merits further study, but in light of the large-scale continuing unemployment, the merits of the varying alternatives to layoffs, their applicability, and the techniques for implementation are the paramount considerations. This report, therefore, will concentrate on those aspects of discussion with particular emphasis on actual experience reported in varied situations to serve as models. The report has three parts: the first summarizes the conference discussions, the second presents six examples of the use of alternative approaches as models, and the third discusses the implications for public policy.

I. THE GENERAL APPLICABILITY OF ALTERNATIVES TO LAYOFFS

Underlying the discussion of alternatives to layoffs was the expressed understanding that it is incumbent on management to explore all forms of cost-saving before or concurrent with a review of labor costs. Alternatives to layoffs are not to serve as alternatives to all forms of cost-cutting, but to be considered only when a reduction in output becomes an absolute necessity because of a shrinking market, or when lower labor costs are essential to the financial health or competitive position of the company. The proposed alternatives have sharply differing applicability and, therefore, are not proposed as palliatives for all occasions of financial distress.

Although it is admittedly difficult to generalize about the totality of national business problems, in discussion and especially after careful examination of actual experience, the participants were able to formulate some principles governing the potential applicability of alternative strategies. A first consensus was that alternatives to layoffs can be used in response to some seasonal, cyclical or structural company or industry problems. More than the nature of the economic problem, it is the dimension and probable duration of financial pressure that is most likely to dictate the choice among the various alternatives and determine whether an alternative will obviate or only minimize the necessity for layoffs. For example, where business conditions require a drastic cut in work force size, layoffs probably cannot totally be precluded. Also, in an industry suffering long-term and apparently irreversible decline, the use of alternatives will serve only to minimize or delay the impact of layoffs. Various alternatives, alone or in combination, will be most successful when the labor cost cut demanded is short of drastic, and when the economic problem faced is likely to be resolved in the relatively near future. In relation to the choice among alternatives, if necessitated cuts in labor costs are relatively small, or of projected short duration, then attrition, voluntary furloughs, early retirement or transfers can be effective alternatives, especially in large organizations. Work-sharing approaches are useful primarily as an alternative to yet more sizable layoffs, and when the expectation is that most of the work force will again be demanded on a full-time basis in the relatively near term. Of equal significance to the nature of the financial problem may be company or industry attitudes. The employment history of a company or industry may condition management and labor attitudes toward seeking alternatives. For example, a company that has enjoyed sustained and continuous growth and financial stability, and never has been forced to consider layoffs, may tend to seek alternatives because layoffs would have a noticeable impact upon worker morale and on the company's public image. By contrast, industries characterized by chronic variations in the size of the work force may accept layoffs as the inevitable response to changing demand patterns. This was confirmed in the experience of the conference participants. It was noteworthy that companies encountering for the first time the possibility of layoffs demonstrated considerable ingenuity in avoiding or, at least, in reducing their impact to the smallest possible number.

Generalizations concerning worker preferences were difficult to make because relatively few workers have been given a choice among alternatives. Again it was believed that characteristics of the occupation or industry would affect worker attitudes. In growth industries it was thought difficult to institute labor reductions without creating considerable dissatisfaction, because employees in such companies may consider their employing organizations to be invulnerable. Workers who have experienced or witnessed periods of unemployment in the past may react differently than those whose job security never before has been threatened. Those employed in highly volatile industries are more likely to tolerate chronic periods of unemployment, and often, moreover, as in the automobile industry, the garment trades, or the construction industry, are protected by union contracts that provide for compensatory unemployment benefits, systems of work-sharing, or wage rates that take into account the instability of employment. But the models reported show that when workers are presented with an alternative to layoffs as either necessary to the survival of the organization or as a measure of greater benefit to all workers, they often will respond, even when all must share in the hardships.

Company size may also be a factor. Size alone is not an index of financial stability, but larger companies often are able to achieve substantial savings without layoffs by reducing executive salaries and perquisites, eliminating employee services such as cafeterias and recreational activities, ending the use of overtime, and by more stringent application of rules governing absence and sick leave. In smaller companies such procedures are unlikely to yield any significant reduction in overall costs. Small companies, however, may have special incentives to find ways to retain their employees. Often work is highly individualized, and the loss of even a few workers may be of greater consequence to the small company's capacity to function.

The relative cost savings of the various alternatives compared with layoffs are difficult to calculate for any individual company and even more difficult to generalize. Layoffs may cause direct costs of severance payments, often a part of collective bargaining agreements or customary in non-unionized settings, and an increased rate of contribution to unemployment insurance. The latter would have more significance to historically stable employers where the unemployment insurance rate of contribution is low. The costs to company morale and to efficiency resulting from the loss of experienced and skilled workers elude dollar calculation. The values attached to such relative intangibles obviously depend on management and personnel department judgements, as well as the amount invested in recruiting and training.

More important than comparative cost savings between layoffs and any alternative, again,may be managerial and worker attitudes. The desire to seek creative solutions to economic problems and the degree of sensitivity to the social implications of unemployment may have more influence on decisions to develop an alternative plan than the savings to be derived. When layoffs are viewed as a last resort, cost caluculations will include organizational morale, community effect, and the avoidance of the trauma of unemployment even for a relatively few. This was not only explicit in the conference discussions but concretely evidenced in the actions adopted by many conferees.

Relative Merits of Various Alternatives

No single alternative is applicable to every situation, but some have more limited utility than others. The primary difference is that some of the options discussed reduce the total labor cost without changing the numbers employed or the hours worked, while others reduce numbers or hours. By and large, this recession has caused a contraction of the markets for most private sector businesses, and therefore, attention centered on those strategies that reduce the labor force without layoffs. But the public sector and some segments of private industry are not experiencing any decline in demand; nevertheless rising costs impel consideration of options to cut labor costs without affecting numbers and hours.

The obvious and perhaps least acceptable way to reduce labor costs, without affecting work force size, is to lower wages. Some companies have drastically reduced executive and middle-management salaries and expense budgets. The savings realized sometimes are essentially symbolic, intended to induce other employees to accept the need for retrenchment. One participating company reported a voluntary pay cut taken by a highly paid group of employees, but the prevailing view was that across-the-board wage cuts were unlikely to be accepted as an alternative to dismissing some employees, especially in unionized settings. Continuing inflation militates against its acceptance, and unions would tend to resist any alteration in the wage rate. Using top management salary reductions as an inducement for lower echelon pay cuts probably will not succeed, because the residual executive salary would still appear to be comparatively generous compensation.

In some instances employees have been willing to defer or forego scheduled cost-of-living or merit raises, but not in every case reported at the conferences. Much depends on the prevailing salary level, as well as other factors. Union leaders agreed, however, that workers generally will be more amenable to changes in future earning rates than to cuts in current wages.

Reduction of Benefits

In many large companies the benefit package is a sizable part of total labor costs and one where potentially large savings, in theory, could be realized. This strategy, however, is mainly applicable to public employment, or to those parts of the private sector where demand for the product or service is unaffected (voluntary hospitals, for example). A further limitation is that in large diversified organizations, benefit cuts must be applied across-the-board and generally cannot be applied with the flexibility of other alternatives in response to localized or departmental overages of personnel. The fundamental problem, however, is that most benefit programs are a part of union agreements achieved only after considerable effort and construed as intrinsic to the wage package.

It is generally assumed that union leaders would resist any reduction in benefits, viewing it as a significant regression in the wage pattern, and that workers also would consider benefits non-negotiable. But it cannot be assumed that all workers will react in a monolithic manner. Union leaders among the conference participants were critical of the tendency among their counterparts to speak for membership without accurate knowledge of grassroots reaction. Recent experience of some municipal unions is indicative. When the alternatives are put to the membership their reactions may differ from those of their elected representatives. A breakdown showing the cost of benefits can be the beginning for a realistic reassessment of options.

Savings can also be realized through reduction of sick leave and paid vacations. And without actual reductions, more effective enforcement of conditions of employment including punctuality can, in large companies, contribute substantial savings. The representative of a national company reported that some potential layoffs were averted merely by eliminating costly deviations from standard work rules, achieved largely by the response of employees when they understood the nature of the company's financial problems.

The conference participants were not overly sanguine about the prospects for actualizing much of the potential savings to be achieved through reduced benefits, until national health insurance or other public provisions supplant employment-based insurance protection now so widespread. And because most participants were concerned with cutting output, other alternatives were analyzed in greater detail.

Voluntary Furloughs

Voluntary furloughs, or unpaid vacations, can be effective to alleviate short-term over-staffing. Several of the participants reported using a program of voluntary furloughs alone or in combination with other strategies to relieve temporary excesses of personnel occurring in the past and during the current recession as well. Unpaid vacations or leaves of absence of varying duration are offered to personnel, and generally all terms of employment, benefits, wages and seniority are preserved. Voluntary furloughs clearly are a limited strategy for reducing payroll costs of value only in large companies as a source of significant cost reduction. Voluntary furloughs moreover appeal chiefly to categories of workers such as the younger and not yet career-oriented employee, the older worker whose family responsibilities have diminished, and the working mother of young children. Among conference participants Avon and Pan American representatives reported successful use of voluntary furloughs. Avon has found many volunteers for extra unpaid leaves among women employed as clerical workers, and Pan American among flight crews who tend to be young and education-minded.

The major limitation to this alternative is that the ability to recruit volunteers for unpaid leaves tends to diminish when unemployment and the cost of living increase. As the current recession deepened fewer workers volunteered, tendency among their counterparts to speak for ship without accurate knowledge of grassroots on. Recent experience of some municipal unions is indicative. When the alternatives are put to the membership their reactions may differ from those of their elected representatives. A breakdown showing the cost of benefits can be the beginning for a realistic reassessment of options.

Savings can also be realized through reduction of sick leave and paid vacations. And without actual reductions, more effective enforcement of conditions of employment including punctuality can, in large companies, contribute substantial savings. The representative of a national company reported that some potential layoffs were averted merely by eliminating costly deviations from standard work rules, achieved largely by the response of employees when they understood the nature of the company's financial problems.

The conference participants were not overly sanguine about the prospects for actualizing much of the potential savings to be achieved through reduced benefits, until national health insurance or other public provisions supplant employment-based insurance protection now so widespread. And because most participants were concerned with cutting output, other alternatives were analyzed in greater detail.

Voluntary Furloughs

Voluntary furloughs, or unpaid vacations, can be effective to alleviate short-term over-staffing. Several of the participants reported using a program of voluntary furloughs alone or in combination with other strategies to relieve temporary excesses of personnel occurring in the past and during the current recession as well. Unpaid vacations or leaves of absence of varying duration are offered to personnel, and generally all terms of employment, benefits, wages and seniority are preserved. Voluntary furloughs clearly are a limited strategy for reducing payroll costs of value only in large companies as a source of significant cost reduction. Voluntary furloughs moreover appeal chiefly to categories of workers such as the younger and not yet career-oriented employee, the older worker whose family responsibilities have diminished, and the working mother of young children. Among conference participants Avon and Pan American representatives reported successful use of voluntary furloughs. Avon has found many volunteers for extra unpaid leaves among women employed as clerical workers, and Pan American among flight crews who tend to be young and education-minded.

The major limitation to this alternative is that the ability to recruit volunteers for unpaid leaves tends to diminish when unemployment and the cost of living increase. As the current recession deepened fewer workers volunteered, it was reported. Therefore, voluntary furloughs probably are useful mainly when the labor supply is relatively tight, or in the early stages of a recession, and particularly as a response to seasonal drops in business activity of short duration. It may be possible to stimulate use of unpaid leaves by offering extra educational or travel allowances, but this would obviously reduce the labor cost savings.

Early Retirement

Early retirement programs as an approach to cutting the labor force has become similarly limited during this deep recession. In the past, the opportunity for early retirement has been a coveted provision in union agreements, but inflation has lessened its current appeal to workers. The U.A.W. finds that retirees who opted to retire earlier on what seemed to be an adequate income level have seen inflation erode their living standard, and have discouraged their successors from taking advantage of early retirement plans. The Federal Government's early retirement plan has been more successful than most because of a cost-of-living escalation clause. High bonuses or increased severance pay to those who retire before the mandatory age may also add attraction to early retirement plans, but these costly extras are likely to appeal only to those nearing retirement age, or workers employed in an occupation such as type-setting, now being phased out of existence.

On balance, early retirement plans may assist a company faced with a gradual or long-range job shrinkage, but not of major value in a recession. Unions moreover are less likely to seek early retirement plans now than in the past, because they have found the result of retirement to be a loss in the total number of jobs when retirees are not replaced.

Attrition and Transfer

When the labor problem a company faces is gradual or a matter of internal structural changes, then attrition or transfers coupled with training can be a useful policy. J. C. Penney, for example, reduced 400 potential layoffs to 140 through inter-departmental transfers facilitated when the problem was put directly to the workers. And the New York Telephone Company until very recently has been able to use transfers coupled with training in lieu of layoffs because of its ability to anticipate growing areas of skill need. But when a deep recession necessitates more radical reductions, then, as the New York Telephone Company experience demonstrates, the rate of attrition declines and transfer opportunities shrink. Then work-sharing may be the only remaining alternative to avert or minimize layoffs.

Work-sharing Approaches

Work-sharing emerged in the conference discussions as the alternative to layoffs with the widest potential applicability to recession-based economic problems, and to almost all types of business and industry. Work-sharing may take the form of a shorter work week, or rotating and staggered shifts, or any other method by which average hours worked are reduced. Work-sharing, however, is not a panacea. Its use is limited by the necessity of providing a living wage. In instances where the necessary reduction in total hours worked would be more than 20%, the use of work-sharing for anything more than a brief period might cause too much hardship, and handicap all those affected unless such employees receive well-above-average rates of compensation. The 20% limit, of course, is only a rough guide based on average earnings. The amount of sharing that can be supported will depend on the particular wage level, with recognition given to the difference in take-home pay, rather than gross earnings. Nevertheless, at all wage levels, work-sharing probably will not suffice when a radical reduction in output becomes necessary. The automobile industry, for example, is a case in point. When it is necessary to eliminate an entire shift or halve production, work-sharing would not be a feasible alternative. Conversely, when only minor layoffs are contemplated - for example, a reduction of some 20 employees out of a total work force of 1,000 - worksharing probably is not indicated, nor is it likely to be accepted by the employees. These limitations assume that unemployment insurance or other forms of protection are not available to compensate workers for some part of wages lost through reduced hours.*

Within these general limits, some form of work-sharing can serve as an alternative to layoffs, not only when a reduction of output is dictated by a shrinkage in demand or by the existence of excessive inventories - although these would be the primary indications for use - but also in some instances where the high cost of operation rather than declining demand is the immediate financial problem.** Some form of work-sharing can be instituted, it was agreed, for piece workers, hourly workers, salaried employees, and in manufacturing, service industries, and non-profit settings, including universities and public employment. The form adopted may vary with the nature of the business. In manufacturing, a total plant shut-down for one day per week or alternate weeks may be more efficient and less costly than maintaining a five-day production schedule with fewer workers throughout. The four-day work-week may be preferable in service industries where continuous operation is essential. The potential usefulness of work-sharing is relatively wide because unlike reductions in benefits or wage cuts, work-sharing need not be applied across-the-board to all employees of a large organization,

*Proposed changes in unemployment insurance are discussed later in this report.

**See, for example, the Washington Star model.

but can be confined to specific areas, functions, or departments, as dictated by business needs.

The most difficult industries for work-sharing suggested by the conference participants were health services and the construction industry. In hospitals, those departments not engaged in direct patient services could operate on shorter hours easiest. In the construction industry, because workers generally are hired for short time periods, contractors might have difficulty in adopting a systematic work-sharing scheme. Several unions in the construction trades, however, practice a form of work-sharing, spreading the available work among the membership. Company size also does not appear to be a significant factor in the applicability of a work-sharing alternative, with the possible exception of extremely small organizations of perhaps less than ten employees. Small organizations, however, often have the close contact that generates a greater interest on the part of all workers in the company's success.

In theory, the conference participants agreed work-sharing has enormous potential, but where agreement is required, the receptivity of workers to sharing the burden of a necessary reduction in the workforce is critical. Worker receptivity to work-sharing plans is contingent on several factors, but, according to the experiences related at the conferences, acceptance is not necessarily dependent on whether an individual worker is vulnerable to layoff because of low seniority status. Among Washington Star personnel, the initiative for work-sharing came from union officers and senior employees who themselves were not liable to termination, and conversely, among those who voted against work-sharing were some who would have been dismissed had layoffs taken place in accordance with seniority rules. Union leaders believe that the higher-paid and senior workers may grumble after the fact, perhaps because a percentage across-the-board wage cut represents to them a larger dollar loss, but they also may tend to be more supportive of the sharing approach because they have a greater sense of identification with both the job and the employing company.

The severity of an employer's economic problem, especially when the company's survival seems threatened, appears to increase worker receptivity because crisis often breeds solidarity. The models presented in this report, however, include a company faced with a critical problem, but also one with only a short-term inventory problem, and another that is a part of the Bell System, one of the most stable companies in the country.

Whether or not worker attitudes toward work-sharing depend on the type of employment is unclear. Some participants believe that receptivity depends on the degree of worker attachment to an occupation or to an employer, presumably greater in skilled jobs. Pan American's experience, however, has found no significant difference in response among such disparate groups as computer programmers and jet engine repair workers.

The most significant factors appear to be good employer-employee relationships that result in a genuine community of interest; an identification with the company as a good place to work; and an open communication system that allows for two-way discussion of business problems and possible alternatives. When workers have sufficient access to financial data to be convinced of the need for labor-cost savings or cuts in output, and a sense of involvement in the decision-making process, then the acceptance of work-sharing probably will be limited only by such questions as whether a reduced work schedule will afford a livable wage rate, and perhaps by the availability of similar jobs elsewhere. The quality of management-worker relationships and joint involvement in fundamental problem-solving are more important determinants of the feasibility of work-sharing than whether or not a company is unionized. This much is clearly evident in the models reported.

The savings accruing from work-sharing may be less than those resulting from an equivalent reduction of personnel through layoffs. The cost of benefits and of personnel administration continue for the total personnel. The cost per worker of administration and supervision may actually increase. Rescheduling may add additional burdens. These extra costs may be only partially offset by the avoidance of severance pay and a higher rate of contribution to unemployment insurance, but other compensatory factors exist - increased employee morale and productivity, the retention of trained staff and the enhancement of the company image. With respect to productivity, experience with the four-day week in the textile and automobile industries has shown actual increases in the rate of output and decreases in absenteeism, at least in the short-run. Work-sharing plans can stimulate more efficient organization. Employee goodwill and solidarity plus the preservation of the full range of worker skills may be especially significant to the company's ability to weather a turbulent economic period.

How to determine when a work-sharing program should be terminated was not fully resolved. Restoration of the former work schedule and full pay obviously depend on the resolution of the financial problem that caused the adoption of work-sharing and in unionized companies might well be subject to contract negotiation. When work-sharing is adopted in response to finite problems such as excessive inventories or materials shortages, the time for restoration of the full week can readily be determined. The time for ending work-sharing will be more difficult to specify when the reason for the cutback was an unprofitable operation or inadequate profit margin.

Some participants were concerned by the possibility that work-sharing might result in a demand for permanently shorter hours at full pay. A policy instituted only as a temporary response to a recession could possibly influence the norm for full-time employment. Whether or not this would be beneficial depends on one's frame of reference. Economists participating in the conferences who customarily focus on macroeconomic considerations saw this possibility as a positive aspect in a society in which the labor force has been increasing faster than the number of jobs. Shorter work-weeks may be the future pattern in peak production periods. An American Management study conducted in 1972 found 140 companies functioning on less than a five-day week. Management representatives on the other hand were justifiably concerned with the problem of increasing productivity sufficiently to allow them to compete in the world markets while operating on a permanently shortened week.

In the current recession, however, work-sharing as an alternative to cuts in the work force through layoffs has clear social values. It can diminish the number of jobholders whose work-lives are disrupted and who become dependent on public support, decrease anti-social behavior that always rises with unemployment, and importantly, it will preserve the gains made through affirmative action. Sharing the effects of this recession may adversely affect the earnings of more workers, but providing continuity of work experience for the greater number, especially for those who would bear the brunt of layoffs, can more than offset any temporary hardship. Work-sharing can heighten the attachment to a job, to the union, or to an employer among those segments of the labor market that characteristically are less stable than others — the younger workers, members of minority groups and women. Frequent and involuntary periods of unemployment, coupled with the necessity for job-changing, is damaging to career orientation and to job satisfaction. Work-sharing, if it reduces the impact of unemployment on these groups, could have longer range benefits to the work ethic, productivity, and the competitive position of the American economy.

Union Responses

One focus of the conference discussions was the probability of union resistance to adopting alternatives to layoffs. Representatives of unionized companies tend to view management's ability to alter employment practice as circumscribed by the terms of union agreements. Labor leaders are unsure of membership response to any proposal that would reduce workers' living standards, and are fearful of the impact of a negative response on their re-election. For both, layoffs carried out in accordance with well-defined prior agreements present fewer difficulties than may arise from reopening negotiation of controversial alternatives.

As is often the case, union resistance is more apparent when the topic is generalized, rather than in particular instances. Actual experience discussed at the conferences shows how often anticipated resistance dissolves against a specific problem. But even in the general discussion at the conferences it became clear that union agreements do not pose insurmountable obstacles, and that the union structure can be an asset in formulating and implementing new policies.

The assumption of union resistance is understandable but may not be warranted. First, only approximately one-fourth of the labor force is unionized. Second, union agreements are not identical, nor are they as prohibitive of work-sharing, for example, as is often assumed. The latter misconception arises largely because the alternatives often are perceived to be in opposition to seniority rules when in fact work-sharing, benefit reduction, or other options do not call for the waiver of normal prerogatives or protections of seniority. Third, union representation provides a democratic mechanism for problem-solving, not as readily available in unorganized companies.

Union contract provisions relevant to layoffs tend to reflect the history of the business or industry. Some spell out layoff procedures in considerable detail. In the automobile and textile industries, where model changes, seasonal factors or wide cyclical swings in demand for products are characteristic, union agreements may specify the responses to downturns in business activity, prescribing precise methods for reducing hours or shifts. But such specificity is relatively rare. Management generally is free to determine the size of the work force and the hours of work. Contract provisions relevant to the application of work-sharing fall into three general groups. Most union agreements define a standard work-week only as the minimum number of hours beyond which overtime rules apply, and thus a shorter work-week could be instituted by management without union consent. Some others stipulate a guaranteed work-week as the minimum. A third type, generally found in volatile industries, allows shorter hours for specific categories of workers, usually restricted to short periods of time. Many contracts also provide for joint management-union consultation prior to layoffs to discuss possible ways to alleviate hardship, and some require consultation before changes in the work-week or sizable layoffs can be effected.

The inference from the discussion between management and labor representatives is that the feasibility of new strategies to resolve economic problems is determined less by contract provisions than by the flexibility of both management and labor representatives to respond to situations as they arise. The ability to innovate successfully depends in part on the character of union-management relationships. In the automobile industry, for example, worker input into managerial decisions was described as limited, at best. As a result, in one company, when management proposed rotating layoffs, union opposition forced a plant shut-down. This response contrasts with textile and clothing industry experience, where workers and their unions have been responsible in large measure for the industry's survival in the face of foreign and other competition. Where collective bargaining has assumed a particularly adversarial atmosphere, management will be reluctant to re-open negotiation. And where union officials feel any insecurity in their roles, following the letter of the contract may appear to be the indicated solution. Employees who are dismissed may be hurt, but once off the payroll constitute no further problem to management or union officers. Those whose jobs are preserved are content, and except in a few industries such as construction, those discharged cannot voice their dissatisfaction because they no longer vote in union elections.

Apart from the general climate of labor relations, much also depends on the leadership quality of company executives and union officers, and the extent of their contact with all categories of employees. In the opinion of business participants, any significant change in employment policies is best handled as a joint management-employee problem. Both management and union leaders often fail to extend their contacts below the level of first-line supervision. They thus may misjudge worker attitudes and underestimate the flexibility of worker response. The conference discussions on worker preferences among the possible alternatives to layoffs discloses the gaps in the knowledge of worker reactions. Unionized companies have the advantage of a well-developed mechanism for creating two-way discussion and heightening worker involvement in business problems. The existence of representative management-labor committees and a system for elections allows for an orderly two-way consultation and an accurate appraisal of grass-roots opinion. Both, it was said, are often underutilized. Indeed, a major recommendation made at the conferences was the addition to future union contracts of a clause requiring discussion of alternatives before the institution of layoffs, and the opportunity for all employees to signify their preferences by vote.

Non-Union Companies

In theory, non-unionized companies have unlimited authority to determine their employment policies. But the capability for unilateral action is not as absolute as it may appear, for the impact of authoritarian decisions can be disastrous to morale and to productivity unless the decisions are understood as justified by economic necessity and equitably applied. The fundamental tenets of job security established through collective bargaining have, moreover, become the standards for much of personnel practice. Indeed, among large and prestigious employers the absence of unionization often is attributable to satisfactory working conditions and good labor relations.

In layoffs, the seniority rule generally governs, because with the exception of critical skill needs, seniority both meets the employer's preference for retaining the more experienced workers, and is least likely to cause discontent. Sophisticated employers regard seniority as the only valid basis for layoffs dictated by economic conditions and good personnel practice. Recession calls for the elimination of less productive workers through normal termination procedures rather than as layoffs. Representatives of non-union companies believe that their ability to implement alternatives to layoffs does not differ substantially from that of unionized companies; and those companies where only part of the work force is organized treat all categories of workers alike. Freedom from explicit contractual obligations does not imply that employee understanding or consent is not essential to the successful institution of any major change in benefits, hours of work, or any other basic condition of employment.

Effective channels of communication between management and personnel are valuable also because the capacity to solve all company problems is not lodged exclusively in managerial ranks. Several participants reported that eminently practical suggestions for meeting the current recessionary problems came from lower-echelon employees. In large national companies, top management often is distant in location or in function from the essential operations, and therefore would be unwise to dictate all policy. Many have developed systems of representation and referenda that are analogous to typical union structures.

In the current recession, the non-unionized sector has assumed particular importance because white-collar workers, who are often unorganized, are experiencing an unprecedented rate of unemployment. White-collar jobs have acquired special desirability because of their historic security. Now that this traditional security is threatened, they may be the category of work that should be a focus of experimentation with alternatives to layoffs.

THE MODELS

The strategies for implementing alternatives are best seen in actual experience. Six models are described and all except the New York Telephone Company* experience were discussed at the conferences. Work-sharing in some form was adopted in each instance.

Most of the models are too recent to permit evaluation of their impact on business operations. Nevertheless, it is possible already to confirm the Commission's view that work-sharing is feasible in many situations and can substitute for or reduce the impact of layoffs. Particularly striking in these models is the leadership role played by some unions, using the required pre-layoff consultation as the impetus for exploring new solutions to critical business problems. A second finding is that disclosure of sufficient financial data by management is important. Unions leaders must first be convinced that layoffs are necessary before they will undertake the task of persuading members to adopt alternatives.

The importance of good employee relations also is illustrated. Pan American, for example, has gone beyond union contract requirements to develop worker involvement in difficult decisions and benefitted as a result by voluntary pay cuts and a sense of company solidarity. Hewlett-Packard,

---

*Although the New York Telephone Company participated in the conference,the company decision to lay off workers was made after the Commission's conferences. Personnel officers and union officials shared their experience with Commission staff.

a non-unionized company, is able to adjust work schedules when necessary because its employment policies and profit-sharing plan have given employees a genuine interest in the company's future.

It should be noted that only in a few instances was the disparate effect of layoffs on minority or female workers a factor in the decision to use layoff alternatives. When preservation of gains made through affirmative action was a factor, as for example in the case of the Washington Star, it was not the primary consideration, nor was it used as a selling point. The desire to avoid layoffs and the attendant hardships was the prime motivation, stemming from the broad social objective of securing the best for all employees.

The Washington Star

The Business Problem

For several years, the Washington Star has been operating at a loss. The company's problems antedate the 1974-75 recession, but the recession has intensified its financial difficulties. New ownership acquired the Star in the fall of 1974 with the intention of improving its economic position. A critical need was to cut all costs including labor costs without affecting the company's ability to publish a newspaper daily and Sundays. Employees were well aware of the need for cost reduction because the operating losses were a matter of public knowledge. In November 1974, rumors of imminent and sizable layoffs were rampant.

Relevant Union Agreement Provisions

The Star is fully unionized with 13 separate unions representing different categories of employees. The Newspaper Guild, representing 550 of the total 1,750 full-time employees, ranging from editorial personnel and reporters to dispatchers, is the union with the largest membership.

The Guild's agreement with the company did not preclude a unilateral management decision to determine the size of the work force, but governed the hours worked. In addition to requiring that layoffs be made on the basis of seniority, the agreement stipulated a five-day 37 1/2 hour work-week. Thus, it would have been impossible for the company to institute work-sharing without union consent. The agreement also provided for, but did not require, union-management consultation to determine how to alleviate the hardship of layoffs.

Developing a Work-Sharing Alternative

1. Determining the necessity for layoffs

In the face of rumored layoffs, Guild officers requested a meeting with the management to ascertain first whether layoffs actually were planned. Management acknowledged the planned dismissal of approximately 100 in Guild jurisdiction, with lists already drawn for 60 immediate dismissals and an additional 40 at a subsequent date. Second, union officers requested the right to inspect the company's earning statements and projected budgets to verify the magnitude of losses sustained and the necessity for labor cost reduction. This was granted, and company financial data together with pertinent information contained in an independent audit, confirmed the critical financial position and the absolute need to reduce labor costs.

2. The rationale for work-sharing as an alternative

To preserve the quality of the publication the company requested a waiver of seniority rules, permitting the layoff of less productive and less essential workers. The waiver was denied by union officials. Convinced that labor cost reduction was essential, but fearing that layoffs of the magnitude contemplated would damage the quality of the publication and thus hasten its demise, the union sought a constructive alternative. Union leaders also were aware that layoffs in accordance with seniority would eliminate many talented staff members and especially the minority members and women only recently hired. The fundamental purpose for constructing an alternative plan, however, was to cut in a manner that would enable the Washington Star to maintain its competitive position and insure the ultimate security of all jobs.

Prior to 1974 contract negotiations, the responses to a questionnaire circulated among Guild membership to determine attitudes toward a variety of improvements in the terms of employment indicated that many workers approved of a four-day week. This response fortified union officers' belief that a shorter work-week was the answer. What followed was the development of a comprehensive and thoughtful work-sharing solution.

3. Securing management and worker approval

The union proposed a four-day week as an alternative to layoffs. This reduction in hours would be roughly equal to the dismissal of 20% of Guild members. Rescheduling, it was believed, would permit the continuance of a seven-day week operation. Union leaders argued that an across-the-board cut in hours of work would preserve the diverse and specialized skills of the total staff, and therefore be preferable to layoffs. Although the labor-cost savings of reduced hours might be somewhat less than layoffs, because the high cost of benefits would continue to be incurred for the total membership, the advantages of greater efficiency and superior quality of the product would more than offset any cost-saving differential. It was also argued that layoffs would increase the Star's unemployment compensation payments. Management, although hesitant at first, soon approved the adoption of a four-day work week. The remaining task for union officers was to secure membership approval.

To gain employee support, a day-long open debate was held, followed by a secret vote by all Guild members. The primary argument presented by union officers was that a four-day week was more likely than layoffs to maintain the quality of the publication and the company's competitive position, and that it was in the union tradition to pull together and consider the needs of fellow union members. In addition, it was felt that seniority by layoffs might mean losing valuable and talented workers. The four-day week was approved by a sizable majority.

Implementing Work-Sharing

A supplementary agreement was signed December 22, 1974, changing the work-week to four days or 30 hours, effective until contract expiration on December 8, 1975 unless the business situation improved and permitted earlier restoration of a five-day week. A formula was developed through which the across-the-board 20% cut would give the company 7,800 man-days of work in excess of what would have resulted from laying off 100 employees. These excess hours were placed in a "man-day pool", to be drawn upon for fifth-day work assignments that would be granted on the basis of two criteria: personal hardship and operational need. The Guild monitors the awarding of fifth-days, to be rotated as much as possible among all employees. Under the terms of this agreement, all fifth-day assignments given individual employees are treated as straight time. Benefits and scheduled cost-of-living increases were not affected.

Additional terms of the supplementary agreement eliminated part-time and temporary employment, liberalized early retirement compensation, made additional work available for regular staff by assigning to them work formerly contracted to outsiders, and relaxed the rules governing the acceptance of outside free-lance work by Star employees.

A Progress Committee composed of management and union representatives was formed to monitor the progress of the four-day week operation, including assignment of fifth-day duties, any new hires in vital areas occuring because of attrition, and all other aspects of the agreement.

The possibility of terminating work-sharing is reviewed at periodic joint meetings. The supplementary agreement permits the union to initiate action for the restoration of a five-day week when warrented by its assessment of the company's financial status. Extension of a four-day week beyond the contract expiration date will be subject to new contract negotiation on December 8, 1975.

<u>Effect on Operation</u>

The newspaper is operating its usual seven-day week and layoffs of Guild members were totally averted. Changes have been made in operating structure and in the publication format. The general feeling among staff and the community is that the Star is regaining prestige.

Following Guild action, unions that represent other Star employees have negotiated alternatives to avoid or reduce layoffs, by eliminating overtime or costly staffing rules or, in the case of the Teamsters Union local, by consolidating delivery routes.

Morale is reported to be good, and Guild membership satisfaction is evident in the re-election of the officers who proposed work-sharing. Also, absenteeism has declined and productivity has increased.

Facilitating Factors

The critical financial condition of the company, confirmed by union access to pertinent financial data, and the attachment of workers to journalism and to the company, contributed to the successful adoption of work-sharing. The satisfactory wage structure and the relatively near-term expiration date of the union agreement in force, were additional facilitating factors.

Hewlett-Packard

The Business Problem

This major manufacturer has enjoyed continuous growth since the 1930's and never has resorted to layoffs. In the recession of 1970, and again in the fall of 1974, the company was faced with excessive inventories, a problem common to the electronics industry. It became necessary to reduce production commensurate with actual orders until excessive inventories were eliminated. To do so required an approximate 10% decrease in output.

Management-Labor Relations

The company is not unionized. The climate of management-labor relations has been favorable because of a strong commitment to stability of employment, maintained by refusing short-term contracts that would result in wide variations in production. In addition, a generous profit-sharing plan gives employees a significant stake in company prosperity.

The Work-Sharing Plan

In the summer of 1970, to achieve the indicated reduction in output, the company President determined to share the existing work rather than to discharge any employees. After careful consideration of all possibilities it was determined that employees in the manufacturing division would work four days on alternative weeks, scheduled so as to give all staff two three-day weekends each month. Accordingly, during the three summer months all salaries were reduced by 10%. Again, at Christmas of 1970, and in the fall of 1974, relatively small inventory build-ups occurred, and to reduce output manufacturing operations were shut down for a few days, scheduled so as to extend the holidays.

No changes were made in benefits or merit increases, or in the profit-sharing arrangement.

Effect on Operation

Through modest work-sharing arrangements, layoffs were avoided. The costs of full benefits and of the extra administrative and supervisory time required to reschedule staff, it is believed, were offset by gains in efficency and morale. The company attributes its sensitivity to job security to a strong public image and a high level of worker job-satisfaction, a quality that distinguishes it from some manufacturers of electronic equipment that frequently make sizable layoffs.

Pan American Airways

The Business Problem

The combination of a four-fold rise in fuel prices that caused increased airline fare rates, and a world-wide recession, have resulted in a drastic decline in aviation traffic. The volume of traffic may improve with an upturn in the international economy, but any anticipated improvement will be restricted by the fuel problem, one unlikely to be overcome in the near term. All executive salaries have been frozen, travel allowances cut, and services such as cafeterias and the company newspaper have been eliminated; but the decline in aviation traffic has made it impossible to entirely avoid layoffs: Pan American's total employment has decreased from 42,500 in 1968 to below 30,000 in 1975, but this reduction has not been through layoffs alone. The company has been exploring all possibilities for minimizing layoffs throughout its divisions. Some alternatives already have been adopted to share the available work among flight personnel, and the company is exploring possible alternatives for other groups of employees.

Relevant Union Agreement Provisions

Pan American is highly organized with approximately 70 separate unions representing segments of the work force. All union agreements require layoffs in accordance with seniority. Flight crew personnel are representated by the Airline Pilots Association, the Flight Engineers International Association and the Transport Workers Union (the latter represents cabin attendants). Union agreements provide for a guaranteed minimum monthly pay, but beyond this minimum the company can set the average of monthly hours to be worked.* Although not required in some union agreements, it is company policy to consult with union representatives before making any significant change in the average number of hours of work for flight personnel, or before instituting any major change in the number employed, or the terms of employment.

Implementing Work-Sharing for Flight Personnel

Joint discussion was undertaken with officials of the three unions representing flight crew personnel. All company financial records were opened to union officials for inspection. (The financial data of aviation companies is a matter of public record.)

*For Pilots, there is also a maximum number of flying hours.

The Airline Pilots Association adopted an 11% reduction in salary schedules to run until the end of 1975, and, in addition, reduced the maximum hours allowable for pilots from 85 per month to 75, to share the available flying time.

Flight engineers and cabin attendants have agreed to a pay reduction similar to the pilot's group. A majority vote on the pilots' and flight engineers' union signified approval of the modification of the union contract necessary for pay reduction; the cabin attendants' union is currently negotiating this change.

The Effect of Work-Sharing

Work-sharing for flight personnel has minimized the number of layoffs. To further reduce excess capacity the company has offered inducements for early retirement and voluntary furloughs. In addition, to avoid layoffs a liberalized leave of absence program for cabin attendants has been instituted through contract language modification agreed to by management and the union.

Because of the complexity of an around-the-clock international operation, no single plan for all categories of the work force can be applied. Currently the company is experimenting with a variety of work-sharing approaches for office workers and maintenance workers and other non-flight personnel to determine the most effective strategies. Management is engaged in discussing a variety of alternatives prior to the forthcoming negotiations with several unions. Staggered shifts, for example, may better suit some aspects of company operation than shorter work-weeks.

Facilitating Factors

The ability to implement work-sharing in a variety of forms was facilitated by the well-known severity of the company's current problems. Personnel understand that unless new approaches are tested, the jobs of skilled personnel with 20 or more years of service may be threatened. Management's desire to retain skilled personnel is matched by the employees' attachments to the occupation and to the company, an attachment intensified perhaps by the lack of similiar jobs elsewhere.

The company policy of involving union representatives in problem-solving and in ascertaining worker preferences through voting has enabled it to institute radical changes without destroying worker morale.

Western Electric Installation, A Division of the Western Electric Company

The Business Problem

Western Electric Installation installs telephone equipment in central offices in the five boroughs, and in Westchester, Rockland and Nassau Counties. All work is under contract to the New York Telephone Company. Technological advances, a decline in the rate of growth in the long-term demand for telephone equipment, and the impact of the current recession have reduced the volume of new installations. Through local union initiative, supported by the International Union of Communication Workers of America, alternatives to layoffs have been used to deal with relatively small reductions in the total volume of work, actions that may be the forerunners of larger scale work-sharing in the future.

Relevant Union Agreement Provisions

In addition to providing for layoffs on the basis of seniority, the union agreement requires joint management-union consultation to negotiate methods of circumventing layoffs and to diminish the hardship of any necessary layoffs. Local 1190 of the CWA represents the workers at Western Electric Installation.

Implementing Alternatives to Layoffs

Because all work is contracted well in advance, the future work-load can be projected accurately. Local 1190's leadership has handled potential layoffs in two ways. When a strike in the manufacturing division of Western Electric reduced the supply of equipment, all staff worked a four-day week for a period of approximately six weeks. Second, to spread the available work more equitably, in May 1974 a new method was formulated for the treatment of overtime. Prior to this agreement, all Saturday work was compensated at time-and-a-half and Sundays at double-time. Saturday and Sunday work formerly was assigned in accordance with the requirements of the location at which installers were employed. The new agreement provides for 40 hours of work at the rate of 44 hours of pay for all workers irrespective of the days of the week worked. The total staff is divided into three rotating shifts, each with different schedules so that weekend work is staggered and equally shared. Formerly, some workers had worked 48 to 56 hours a week. The new agreement benefits the company by reducing the cost of weekend work, but it also benefits the workers because sharing available work including weekends has increased the average rate of compensation for all workers. Most importantly as a result, this division of Western Electric has had no layoffs,* in contrast with other divisions in other localities. The new agreement is experimental and can be terminated on one week's notice by either party, management or the union.

In addition to local union action, the International Union in February, 1975 proposed a five-point program to A.T. & T. calling for dismissal of all part-time and temporary employees; elimination of all overtime except in emergencies; termination of contracting-out of work; provision of voluntary unpaid leaves of up to six months without loss of benefits or seniority; reassignment of vacation schedules to correspond with slack work periods. To date, A.T. & T. has not responded to this proposal.

Effect on Operations

Rescheduling the work is not expected to have any effect on operations. The strategy adopted may pave the way for more comprehensive work-sharing should the work-load decline further.

The Dressmaking Industry In New York City

The Business Problem

During the 1940's and 50's, the dressmaking industry in New York City experienced phenomenal growth. However, over

*In July 1975, this division had to layoff 291 employees.

the past 15 years, the industry has witnessed a steady decline, attributable primarily to competition from imports and, more recently, the domestic economic condition.

It has been estimated that membership in the three employers' associations (Affiliated Dress Manufacturers, Inc., National Dress Manufacturers Association and Popular Priced Dress Manufacturers Group) has decreased from 600 to 300 members over the past ten years. Even in more settled times it has not been unusual for as many as 30% of dress manufacturers to file for reorganization or go out of business. Today, the turnover is now much greater.

Unemployment among industry workers now hovers around 30%. Today, for the fortunate employees who find work in this industry, 26-30 weeks work annually is more common than the 40 weeks worked in former years.

Relevant Provisions in the Union Agreement and the Operation of Work-Sharing

The dressmaking industry is highly unionized. Approximately 85-90% of all workers are members of the International Ladies Garment Workers Union. Piece-work as opposed to time-work is the predominant pattern and the basis for compensation of more than 75% of all employees. There are no seniority provisions for most workers, with the exception of the recently-organized shipping clerks who demanded a seniority system in their agreement with the employers.

While a 35-hour work week is stipulated in the contract, both labor and management have displayed great flexibility concerning the number of hours to be worked. In order to avoid increased unemployment, a 30-hour work-week has become common.

Because of the seasonal nature of the industry, a unique feature of the union agreement prevailing throughout more than 50 years of union history provides for a division of work in times of economic stress. When insufficient work exists to allow full employment, work is divided equally among all employees. Instead of laying off workers, all employees share the existing work. This may mean working alternating days, weeks or even months.

During the periods when employees are not scheduled to work, they may collect unemployment insurance until again called upon to "share the work." While this system of division of work may reduce a worker's vacation pay (vacation pay is computed as a percent of the wages earned), other union benefits remain unaffected.

When work-sharing devices no longer suffice, in order to avoid closing down, a company, with the consent of the union (the Dressmaker's Joint Council) or the approval of the industry's impartial chairman, has the right to reorganize the business "in good faith," reducing the total number of jobs. According to the collective bargaining agreement, a bona fide reorganization can take effect when necessitated by a permanent curtailment or fundamental change in the character of an employer's business. Before a reorganization is agreed upon, the employer must demonstrate that all reasonable alternatives have been explored to avoid such an action.

When such a decision is reached and a number of workers are to be laid off, the employer does not select the workers to be dismissed. In the absence of a seniority system, the decision is made by a lottery.

The role of the impartial chairman is unique to this industry. Appointed by both union and management, the chairman serves as an umpire whose decisions are binding upon both parties. Both parties are free to submit an issue to the chairman for resolution.

The union agreement provides for union inspection of employers' books and, therefore, union officers have an accurate picture of the employer's financial situation.

Facilitating Factors

The number of firms ceasing operation or requesting reorganization has increased over the past few years. However, the seasonal nature of the industry and its long history of dividing available work has enabled workers to adapt to the recessionary impact of increased work-sharing. This undoubtedly has helped to cushion the effects of the 1974-1975 recession on this industry.

The New York Telephone Company, Operators Service Department

The Business Condition

Technological development combined with increased efficiency of operations and a marked reduction in turnover (resignations and discharges for cause have declined from an annual rate of 60% in 1970 to less than 5% in 1975) have been reducing the need for operators. Until 1975, attrition and transfers to growth divisions have enabled the company to reduce the total number of operators employed from 12,600 in 1970 to 6,600 in mid-1975 without resorting to layoffs. The 1974-1975 recessionary impact on the volume of calls has resulted in a surplus of operators and has also restricted the opportunity for transfers to other departments. The company, moreover, may not anticipate needing in the near future all operators now employed unless the economy improves markedly. Therefore, for the first time in its history the company in April, 1975, determined to consider layoffs.

Relevant Provisions of the Union Agreement

The Operators Service Department is unionized, represented by an independent union (the Telephone Traffic Union) with six locals in the New York metropolitan area.

The union agreement requires notification of union officers 45 days prior to any proposed layoffs or part-timing. The purpose of the advance notice is to allow time to discuss methods for alleviating the hardship of layoffs. After 45 days, the company can act without union approval. All layoffs must be made in accordance with seniority.

Developing a Work-Sharing Plan

The company estimated there were 800 operators more than needed, but because a smaller layoff was feasible, the number to be discharged was reduced to 500. The Union President was so notified on April 8, 1975. Because management-union discussions are a monthly occurrence, union officers have been aware of the possibility of layoffs.

Since the formal notification of proposed layoffs, union officers and company executives have been in almost constant consultation. Work-sharing by reducing hours for some operators was agreed upon as an alternative to layoffs. The company proposed to reduce the work-week to four days by instituting 2,500 "days off," the equivalent of 500 layoffs or 2,500 part-time employees. In the course of negotiations the number was reduced to 2,000 "days off" or 400 operators and the effective date was deferred from June 1, to July 6, 1975 to allow further time for discussion.

Union officers proposed the operators be allowed to elect to work a shorter week, believing that a sufficient number would volunteer for shorter hours. Voluntary work-sharing, the union argued, would create less hardship. This proposal thus far has not been accepted and work-sharing is to be instituted in accordance with seniority rules. Work-sharing became effective on July 6. A somewhat smaller number of operators than anticipated are working a four-day week. The precise number is determined each week in accordance with the actual volume of traffic, which in July has exceeded slightly the projected rate.

III. IMPLICATIONS FOR NATIONAL POLICY

When management and labor determine to exercise all available options, there clearly is considerable scope for the development of new approaches to manpower problems that arise in a recession. This is the basic conclusion from the Commission's conferences. The participants were well aware, however, that the alternatives to layoffs discussed are only one of the paths in the direction of an improved national manpower policy. Full employment as a national policy requires a thorough overhaul of the systems of job referral and development, career planning and training, and the legal protection of workers. Re-defining upwards the acceptable rate of unemployment is not the solution.

The participants also recognized that the use of alternatives to layoffs is not without macroeconomic effect. Restricting new hiring and terminating part-time and temporary jobs are policies with negative impact on new entrants into the labor market, as well as on many women and older job-seekers who accept part-time or temporary work because they are unable to secure full-time steady employment. Furthermore, eliminating overtime or shortening the work-week will lower the living standards for many workers whose full-time earnings may be below or only slightly above poverty levels. To what extent and for how long workers will be willing to share the burden of what they perceive to be a national problem stemming from deliberate measures to curb inflation, moreover, is questionable.

Nevertheless, the necessity of preserving the recent breakthrough for minorities and women gives a legitimacy to the immediate focus on microeconomic considerations. Interest in the alternatives to layoffs is growing. A few national companies have prepared manuals outlining the alternatives for internal use by department heads and first-line supervisors. The Executive Council of the AFL-CIO is reported to be studying work-sharing. The possible options were discussed at two recent conferences in New York City - a meeting of the Conference Board and New York University's 28th Annual Conference on Labor. The emerging viewpoint is that although much can be accomplished through the action of individual companies and through the collective bargaining process, governmental action is required to stimulate exploration of alternatives, and to provide guidance to employers and unions on the apparent conflict between seniority rules and affirmative action goals. Only when there is a national commitment to avoiding layoffs will the use of alternatives become an accepted and widespread policy.

Centralized Information Service

Despite the newness of the concept of avoiding layoffs through alternative employment policies, there already is considerable experience around the country with some of the alternatives, but for the most part it is unrecorded and unevaluated. The Commission in two days of small conference groups, designed to provide a broad cross-section of viewpoints rather than focus exclusively on actual experience, uncovered several examples. If the experience throughout the United States and in other developed countries were comprehensively collected and centralized into an information service under the aegis of the federal Department of Labor, management or labor representatives facing possible layoffs could readily determine whether another company, similar in size and function, had tested alternative measures. Documented experience often is the best antidote to any reluctance on the part of either management or labor to experiment with new approaches.

Technical Assistance

Second, experienced mediators and arbitrators are a source of valuable expertise. Those experts who participated in the Commission's conferences agreed that management often fails to use all of its available options, frequently underestimating the value of joint management-worker discussions, either as part of the collective bargaining process, or as panel discussions in non-union settings. Open communication can be productive not only of strategies to cope with the immediate problems of recession, but also can have a beneficial long-range impact on the quality of labor relations. Outside experts often can suggest methods for reducing all costs.

Labor costs can sometimes be minimized by modest changes in work schedules that reduce overtime and absenteeism, or by increasing productivity through training programs which are generally tax exempt. More effective use of manpower in many cases can reduce labor costs without the disruption of layoffs. The accumulated experience gained in arbitration and mediation should be codified. Pooled experience and knowledge can transform isolated activity into systematic aid for business and labor.

The expertise of management consultants seldom is available to smaller companies or to individual union locals. Free technical assistance should be made available to companies that aim to avoid layoffs and that have limited capacity for experimentation. In the absence of public provision of technical assistance, national organizations of business and industry and labor unions can begin to compile available data as a service to membership, and stimulate discussion of the alternatives. Another possible service of great potential value would be the provision of impartial chairmen, as in the garment industry, to resolve management-labor disagreements concerning alternative plans.

Benefits

The cost of maintaining benefits for the full complement of personnel can operate as a deterrent to the use of alternative strategies. The adoption of a national health insurance program would relieve employers of expensive health benefits and thus alleviate the problem, but another possibility is to provide tax relief for employers who carry full benefits for workers who work less than full-time under a work-sharing scheme.

Unemployment Insurance

The principal weapons to deal with unemployment, unemployment insurance and public works programs, forged during the 1930's, if re-directed in appropriate instances to support continuous employment can be powerful remedies for the most disastrous consequences of recessions.

Unemployment insurance, enacted forty years ago, is long overdue for a major overhaul. As it now stands it fails to furnish uniform and adequate protection. The recent extension of compensation to 65 weeks is a stopgap measure made necessary by the national failure to devise ways to put people back to work or to advance our capacity to mitigate unemployment in other ways. Many workers now are excluded from coverage. Relatively modest reforms, however, would provide incentives to employers to avoid layoffs and increase worker receptivity to work-sharing. First, the rate of employer contribution should be adjusted to credit the use of alternatives to layoffs. Most states now tax employers on the basis of an experience rating formula that rises with the volume and frequency of layoffs. Currently, many companies are facing the possibility of layoffs for the first time in their history. For them, the consequent rise in their rate of contribution may be a factor entering into policy determination. A contribution rate favoring work-sharing over layoffs might tip the balance. The largest number of layoffs, however, generally occur in those companies that already pay the maximum rate. Some relief from unemployment insurance contribution given to them when they adopt an alternative to layoffs could encourage voluntary action. Some conference participants who are top executives of companies that now pay the maximum rate believe that management interest in work-sharing or other alternatives would increase if a reduction of the rate of contribution were to be granted.

Economists cautioned against adjustments in contribution rates that would result in subsidizing inefficient companies, or that, in a period of recovery, would tend to restrain employers from re-hiring, especially in those categories of relatively unskilled jobs that are most vulnerable in recessions. The concensus of the conferences was that the State Industrial Commissioner should be given both the authority to adjust the rating formula to encourage the adoption of alternatives to layoffs, and sufficient latitude for discretionary action to allow individualized review in each case.

Eligibility for unemployment insurance for workers who work shorter hours would increase worker receptivity to the institution of work-sharing. Compensating those who are partially "unemployed" is clearly less costly as well as less disruptive than layoffs. The added cost to unemployment insurance would be minimal, and whatever increase would be more than offset by savings in welfare costs, the gains in purchasing power, and tax revenues achieved through continuous employment. Not only would workers continue to receive near normal incomes, but there would also be an incentive to work (and consequently to pay taxes) rather than rely on tax-free unemployment benefits. Moreover, work-sharing can help to promote economic recovery itself. A proposal to qualify those who work less than full-time for compensation for a part of wages lost now is before Governor Carey, and many of the conference participants strongly endorsed its adoption.

The City Commission on Human Rights strongly supports widening unemployment insurance protection to cover those who work a shorter week, and has been engaged actively in seeking appropriate action in New York State. The amendment sought would provide partial benefits for earnings lost through work-sharing, from as short a period of time as one-half day to a maximum of total wages and partial benefits equal to one and one-half the maximum of weekly unemployment insurance benefits alone.

On June 10, 1975, Eleanor Holmes Norton, the Commission Chair, wrote Governor Hugh Carey strongly urging his support for modification of the New York State Unemployment Insurance Law. The letter reads in part:

My interest in seeking alternatives to layoffs as a means of reducing unemployment was originally stimulated by the mandate of this Commission involving special concern for the effects of the economic crisis on the employment status of minorities and women. These groups have always suffered disproportionately when employers resorted to layoffs as a cost-cutting measure. The policy of "last hired, first fired" takes a special toll on those who have only recently gained access to employment opportunities traditionally barred to them by discrimination.

My interest in layoff alternatives, however, has expanded beyond my own jurisdictional concerns, because I believe that alternatives to layoffs, especially work-sharing, are a critical short-term remedy for unemployment in general and for all workers. Without question, the goal of equal employment opportunity is necessarily and inextricably linked to full employment. Work-sharing supplemented by unemployment insurance has been widely used in Europe as a result of trade union pressure to avoid the high levels of unemployment tolerated in this country.

Beyond the immediate economic advantages, work-sharing that prevents unemployment will have inestimable social benefits. It is impossible to assess just how costly the interruption of employment can be, especially in large cities with a concentration of ghetto conditions. We see the devastation caused by unemployment all around us, but we can only speculate on the ultimate consequences and costs - social and economic - that the dislocation caused by unemployment can have on crime, family stability, the social development of children, drug addiction, and other social problems. We will never be able to allocate sufficient resources to deal with such problems if we do not move to ameliorate conditions that create them. A minimal investment now in maintaining the employment of workers can save this state and the nation incalculable costs in social pathology that often has its roots in high unemployment rates.

Finally, work-sharing to maintain employment, instead of reducing the number of jobs through layoffs, also averts the potential for destructive competition for limited available jobs. In a

> retrenching labor market, no problem is more difficult than job distribution. If government does not provide the leadership to make this distribution equitable, then workers themselves may be driven to the most direct forms of competition. We need only refer to the spectacle presented by the dispute over jobs in the Detroit Police Department, where competition between white and black police officers reached the level of open confrontation.

Federal Action

Federal action also is indicated. Eligibility rules vary from state to state. Workers on rotating layoffs or staggered shifts are eligible in some jurisdictions but not in others. In some states, funds already are dependent on federal financing. The logical extension of federal action is the enunciation of uniform national rules for unemployment insurance eligibility including coverage of wages lost through work-sharing. The International Union of Electrical Workers is actively sponsoring federal legislation that would provide partial compensation for the fifth day to employees working a four-day week.

In another direction, similar to federally-funded public employment programs, public funds could be used directly in support of work-sharing. Public employment programs have been constructed to serve only those workers who already have suffered the loss of a job. A more efficient, humane, and far less costly use of public funds would be to supplement the fifth day or other reduced-work situations. This would decrease the number of potential candidates for traditional costly public employment programs, and also maintain continuous work opportunity without the need to process, train and place workers. Supplementing the earnings of workers in their regular employment avoids the conflict that often arises when some workers are laid off and others are hired under special federal programs for similar work. A special appropriation, analogous to CETA funds, should be created to test a variety of alternatives to layoffs.

Guidelines

Finally, the implications of Title VII of the Civil Rights Act of 1964 with respect to alternatives to layoffs are as yet unclear. The E.E.O.C. has failed to promulgate guidelines to deal with the critical questions posed by the current recession. Judicial decisions to date and pending court cases may have some impact, but the likelihood is that such impact will be limited to questions of constructive seniority in resolving specific conflicts between seniority and affirmative action. The existence of Title VII makes it possible to question layoff policies in a new light, a light which may have consequences that extend beyond the current implications for minorities and women, and may lead toward more effective national manpower policies to deal with cyclical variations in economic activity.

Management representatives at the Commission's conferences and at other forums as well expressed a need for guidance. They are caught between the stipulations of union contracts and affirmative action agreements. Union leaders are wary of departing from their essential role of seeking improvements in all terms of employment for members, and fearful of jeopardizing their status as leaders by advocating a sharing of the hardships by all workers when the workers themselves did not construct the discriminatory systems of employment. Stanley Pottinger, Assistant Attorney General, speaking at the N.Y.U. conference stressed the need for E.E.O.C. guidelines.

Although a recession may not appear to be an auspicious period for manpower innovation, it usually has been at such times that major steps have been taken. This recession, with its hardships and with the doubts it has raised about the future of the American economy, can be a period of significant accomplishment. Until recently Americans have luxuriated in a vision of a constantly expanding economy, and until recently believed the economy was functioning better than it actually was, by ignoring those who seldom shared in the benefits. Now that many workers who considered themselves relatively invulnerable to economic vicissitudes are facing the problems that minorities and women have long endured, a reassessment is taking place. Unemployment probably will be a major political issue for some time, and, therefore, can provide the basis for the constructive measures recommended in this report. Work-sharing and other alternatives to layoffs are admittedly emergency measures and not a substitute for a genuine full employment policy. But immediate action to minimize the impact of this recession can be a first step toward providing continuous employment for those who have gained access to jobs in periods of expansion.

*　　*　　*

PARTICIPANTS

Thursday, April 3, 1975

Gerald Aksen, General Counsel
American Arbitration Association

Dean Alfred W. Blumrosen
Rutgers Law School

Hezekiah Brown, Commissioner
Federal Mediation & Conciliation Service

George J. Carmichael, V. P. Personnel
N.Y. Telephone Company

Edward K. Crothers, Jr., Vice President
Burlington Industries

Catherine Fitzgerald, General Manager
Avon Products, Inc.

Harry Fleischman, Director of Race Relations
American Jewish Committee

Marcia Freedman, Conservation of Human Resources Project
Columbia University

Murray Gross, General Manager
Dress Joint Board

Dale L. Hiestand, Professor of Business
Columbia University

James Hyatt, Labor Reporter
Wall Street Journal

Theodore W. Kheel, Esq.
Battle, Fowler, Lidstone, Jaffin, Pierce & Kheel

Jerome P. Vanora, Senior Attorney
N.Y. State Division of Human Rights

John L. Neuman, Senior Associate
McKinsey & Co., Inc.

Oscar A. Ornati, Professor of Management
New York University

Robert L. Patterson, Labor Relations Service
Stone & Webster Management Consultants, Inc.

Eduardo Pena, Jr., Director, Office of Compliance
Equal Employment Opportunity Commission

PARTICIPANTS CONTINUED

Thursday, April 3, 1975

William Pollard, Director, Civil Rights Division
AFL/CIO

Lillian M. Poses, Esq.
Governor's Task Force on Unemployment

W. W. McCormack, Executive Vice President
J. C. Penney Company

Fred Schwarze, Director, Employee Relations
General Motors, Inc.

Alan R. Viani, Director of Research & Negotiations
A.F.S.C.M.E., District 37

Charles Windsor, Sr., Vice President for Operations
N.Y.C. Health & Hospitals Corporation

L. Vicery
General Motors

PARTICIPANTS

Friday, April 4, 1975

Dean Alfred W. Blumrosen
Rutgers Law School

Martin N. Baily, Department of Economics
Yale University

Ivar E. Berg, Jr., George E. Warren Professor of Business
Columbia University

Herbert Bienstock, Regional Director
U.S. Department of Labor - Bureau of Labor Statistics

Robert Coulson, President
American Arbitration Association

Robert DeRespino, Vice President
H.R.H. Construction Company

Ralph Davidson
Rockefeller Foundation

Anthony DeLorenzo

Eugene P. Foley, Chair
Governor's Task Force on Unemployment

Mark Jacobson, President
Silvercup Bakers, Inc.

Phillip M. Kadis, Unit Chair
Washington Star Unit - Washington - Baltimore Newspaper Guild

Julian Kein, Director of Industrial Relations
American Paper Institute, Inc.

James Kuhn, Professor of Business
Columbia University

William Olson, Regional Personnel Manager
Hewlett-Packard

A.H. Raskin, Associate Editor
New York Times

M. Don Sanchez, Area Director
Communication Workers of America

PARTICIPANTS CONTINUED

Friday, April 4, 1975

Bruno Stein, Professor
The Institute of Labor Relations, NYU

Mitchell Sviridoff, Vice President
The Ford Foundation

Martin Shugrue, Vice President - Corporate Personnel
Pan American World Airways, Inc.

Phyllis A. Wallace, Professor
Massachusetts Institute of Technology

Harry Wellington, Professor of Law
Yale Law School

AGENDA April 3-4, 1975
&
SUGGESTED TIME SCHEDULE

10:00 - 10:15 I. INTRODUCTORY REMARKS

Eleanor Holmes Norton

10:15 - 10:45 II. TEMPORARY OPTIONS FOR REDUCING LABOR COSTS OTHER THAN THROUGH LAYOFFS

Reduction of Work Hours

* plant/office shutdown for specified time per month
* shorter work week
* shorter work day
* elimination of overtime
* rotating layoffs
* furloughs

Solicitation of Individuals for Volunteered Reduction in Force or Hours

* unpaid leave of absence
* short work day or work week
* rescheduled vacations
* early retirement with or without incentives

Voluntary Reduction of Compensation

* voluntary wage cuts - evenly applied or graduated on the basis of salary
* voluntary deferral of raises, cost of living increases, merit increases, bonuses, automatic increases

Voluntary Reduction of Fringe Benefits

* medical disability, and life insurance - reduced level of benefits, increased employee contributions, increased deductible, elimination of dental, eye or other such coverage, etc.
* vacation days reduction

Voluntary Reduction of Fringe Benefits - cont.

* modification of profit-sharing plans
* reduced or deferred contributions to union welfare funds

Reduction or Elimination of Miscellaneous Benefits/Privileges

* company subsidized cafeteria
* tuition refund programs
* staff training and development programs
* expense accounts
* travel/relocation reimbursements
* executive benefits and privileges

Others may be added by participants

10:45 - 1:00 III. CRITERIA FOR ASSESSING RELATIVE MERITS OF THE OPTIONS

A. Criteria for determining the need to adopt such measures i.e., general and particular economic considerations for the industry, company, sub-division.

B. Applicability of the alternatives by type of industry, size of company, problems of administration.

C. Preference of employee groups, e.g., white collar, blue collar, professional, service.

D. Preference in terms of relative cost savings.

E. Criteria for determining duration and termination of temporary labor cost saving policies.

1:00 - 2:00 LUNCH - Luncheon will be brought in for participants.

2:00 - 3:30 IV. CRITERIA FOR AND MECHANICS OF IMPLEMENTATION

A. Company's internal decision-making process, e.g., changes in supervision, schedules, and logistics, and other business considerations.

B. Union or other employee group consultation, including collective bargaining contract considerations.

C. Strategy for presenting proposed policies - type of data needed, manner of presentation, use of outside intermediaries and experts.

D. Incentives to encourage employee cooperation and maintain employee morale.

E. Periodic reviews of cost-reduction policies and termination prospects with employees.

F. Policies regarding recall during transition to restoration of previous policies.

3:30 to close of session

V. <u>ECONOMIC, SOCIAL AND LEGAL IMPLICATIONS</u>

A. Need for subsidies such as C.E.T.A., Unemployment Compensation, tax benefits, employer bonuses post recession.

B. Need for regulatory agency (DOL - Wage & Hour Division, NLRB, etc., intervention and support.

* * *

AGENDA April 4, 1975
&
SUGGESTED TIME SCHEDULE

10:00 - 10:15 I. INTRODUCTORY REMARKS

Eleanor Holmes Norton

A.H. Raskin

10:15 - 10:45 II. TEMPORARY OPTIONS FOR REDUCING LABOR COSTS OTHER THAN THROUGH LAYOFFS

B. Stein

Reduction of Work Hours

* plant/office shutdown for specified time per month
* shorter work week
* shorter work day
* elimination of overtime
* rotating layoffs
* furloughs

Solicitation of Individuals for Volunteered Reduction in Force or Hours

* unpaid leave of absence
* short work day or work week
* rescheduled vacations
* early retirement with or without incentives

Voluntary Reduction of Compensation

* voluntary wage cuts - evenly applied or graduated on the basis of salary
* voluntary deferral of raises, cost of living increases, merit increases, bonuses, automatic increases

Voluntary Reduction of Fringe Benefits

* medical disability, and life insurance - reduced level of benefits, increased employee contributions, increased deductible, elimination of dental, eye or other such coverage, etc.
* vacation days reduction

Voluntary Reduction of Fringe Benefits - cont.

* modification of profit-sharing plans
* reduced or deferred contributions to union welfare funds

Reduction or Elimination of Miscellaneous Benefits/Privileges

* company subsidized cafeteria
* tuition refund programs
* staff training and development programs
* expense accounts
* travel/relocation reimbursements
* executive benefits and privileges

Others may be added by participants

10:45 - 1:00 III. CRITERIA FOR ASSESSING RELATIVE MERITS OF THE OPTIONS

H. Wellington

A. Criteria for determining the need to adopt such measures i.e., general and particular economic considerations for the industry, company, sub-division.

B. Applicability of the alternatives by type of industry, size of company, problems of administration.

C. Preference of employee groups, e.g., white collar, blue collar, professional, service.

D. Preference in terms of relative cost savings.

E. Criteria for determining duration and termination of temporary labor cost saving policies.

1:00 - 2:00 - LUNCH - Luncheon will be brought in for participants.

2:00 - 3:30 IV. CRITERIA FOR AND MECHANICS OF IMPLEMENTATION

R. Coulson

A. Company's internal decision-making process, e.g., changes in supervision, schedules, and logistics, and other business considerations.

B. Union or other employee group consultation, including collective bargaining contract considerations.

C. Strategy for presenting proposed policies - type of data needed, manner of presentation, use of outside intermediaries and experts.

D. Incentives to encourage employee cooperation and maintain employee morale.

E. Periodic reviews of cost-reduction policies and termination prospects with employees.

F. Policies regarding recall during transition to restoration of previous policies.

3:30 to close of session

E. Foley

V. ECONOMIC, SOCIAL AND LEGAL IMPLICATIONS

A. Need for subsidies such as C.E.T.A., Unemployment Compensation, tax benefits, employer bonuses post recession.

B. Need for regulatory agency (DOL - Wage & Hour Division, NLRB, etc., intervention and support.

* * *