

**ORAL HISTORY INTERVIEW**

**OF**

**NAT WEINBERG**

**Interviewed By  
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Institute of Labor and Industrial Relations  
March 20 and April 30, 1963**

Oral History Interview of Nat Weinberg by Jack Skeels, University of Michigan - Wayne State University, Institute of Labor and Industrial Relations, March 20 and April 30, 1963.

I was born in New York in February, 1914. My father died when I was twelve years old. So it was necessary for me to go to work as soon as I could, which under New York law was fourteen. Before I was fourteen, I had a number of part-time jobs. My first full-time job was on Wall Street in brokerage offices in 1928 until June of 1930. I saw the 1929 Stock Market Crash from inside a brokerage office. After that I had a wide variety of jobs, everything from packer and shipping clerk in a dress house to sales clerk and linoleum layer in a hardware store. I worked in a local classified advertising agency. I think by the time I was twenty, I could count 22 jobs that I had had from the time I left Wall Street.

Meanwhile I went to high school at night. And after getting out of high school, I went to City College at night for awhile. That was going to be a very long grind, so I quit. Then I managed to lay hands on some money from one of my aunts and I went to St. Johns College in Brooklyn for awhile during the daytime while working at night. I went halfway through law school.

Then I became very active in the Young People's Socialist League. I had a girlfriend and a job, and I was not paying too much attention to the work in law school, so I dropped out and became within a relatively short time an organizer for the Young People's Socialist League. I was a hitchhiking organizer for awhile up in New York State.

Then I became a full-time organizer in Philadelphia for about six months in '34 and '35. In the fall of '35 I got married, and my wife and I were both admitted to the Brookwood Labor College. At Brookwood we met Lazar Teper, who later became research director of the ILGWU.

After I got out of Brookwood and after a spell on relief, I got a job on a workers' education project on the WPA and I was assigned to work with Teper at the joint board of the ILG where he was then doing research. In October of 1937, I think the ILGWU International Union Research Department was set up under Teper and he hired me. I worked there until June, 1944. Then I went to the War Production Board in Washington. I worked in the Office of Labor Production under Dave Saposs and Jack Barbash. From there I went to the Bureau of Labor Statistics and from there to the National Housing Agency when Wyatt was the head of it. In January, 1947, I came to the UAW. While I was still working for the ILG, my wife got herself a job as a welfare investigator in New York. Under her pressure I went back to college. I went to NYU and finished up at night and got a B.A. in 1942.

Skeels: What department were you assigned to in the UAW?

Weinberg: Well, in theory, I was assigned to the Research Department. Walter had been elected president by that time but his supporters on the executive board were a very small minority. The Research Department was theoretically under his control, but he could not do very much about it. He could not do anything about the existing staff with

which he was very dissatisfied. About all he could do was fill vacancies and he hired me for one of the vacancies on the staff. Jim Wishart, at that time, was research director. I worked for about a year in a windowless room that had once been a storeroom. I hardly ever saw Wishart except occasionally to say "good morning" as I passed him in the hall. I had practically no contact with the Research Department as such. My work was directly with Walter's office.

Skeels: Did the UAW have a different type of temper when you first came here that you could discern?

Weinberg: I do not think either the temper or the tempo was very much different. The tempo has always been a hectic one. As an example of tempo, the first day I reported to work I went to Walter's office at 9:30 in the morning after a miserable flight from Washington the night before. I actually got into my hotel about 4:30 in the morning. I started explaining to Walter that I thought I would be much more useful in the long run if I spent about 60 or 90 days reading about the industry, visiting plants, getting to know how the union worked and so on. Walter agreed that this would be very desirable and very useful. Just as he was agreeing, the phone rang and listening to Walter's end of the conversation, it was soon evident that Don Montgomery who then headed up our Washington office was on the other end of the line. Walter at one point in the conversation asked Don how he was coming with the 1947 wage brief which Don had been apparently asked to work on sometime before that.



Apparently Den indicated that he had been too busy with other things to do much work on it at which point Walter said, "Will it help any if Nat Weinberg works with you on it?" Then Walter said, "Okay, I will put him on the phone." Well, the first thing I said is that if I am supposed to work on that, what am I doing up here in Detroit instead of down in Washington with you. But there went the 60 or 90 days that I was supposed to use in studying the industry and I have never recaptured them since. It has been a kind of rat race ever since that time.

Skeels: Have you been primarily working in research for negotiations then?

Weinberg: Well, the work I do, not all of which is research, covers a wide range of activities. It covers preparations for negotiations and participation in negotiations. When I headed up the Research Department, it involved to a very large degree providing information needed by the local unions, by the regional directors and international representatives. It was largely a service organization. Then I have also been engaged in the beginning in working on legislative matters, particularly in the field of economics but sometimes outside, developing programs, helping to prepare testimony. I have appeared before governmental administrative agencies, before legislative bodies on both the state and the national level. Sometimes I get involved in things as remote from economics as civil rights, or there is just no end to what I might be called on to do. I also have been involved in the union's international operations through the International Metal Workers Federation.

Skeels: Had there been a research department prior to your coming here?

Weinberg: There had been a Research Department. It was under the direction, when I came here at the beginning of 1947, of Jim Wishart who was part of the Thomas-Addes group at that time. Walter had been elected president in 1946, but he only had about four members of the executive board that he could count on. He was theoretically in charge of the Research Department but he could not do anything about displacing Wishart, whom he regarded as having something less than the competence required for the job. However, he was empowered to fill vacancies on the staff of the Research Department. I was hired to fill a vacancy on the staff of the department, though I actually never functioned as part of the department.

During my first year at the UAW I was ensconced in an airless room at 411 West Milwaukee. I had no stenographic help of any kind. Whenever I prepared something that needed typing, I would wander around the building until I found some secretary or stenographer who was friendly to Walter and had a little free time at the moment to type it for me. As far as my contact with the Research Department was concerned, I used to occasionally see Wishart in the halls and say good morning to him, but that is about all the contact I had. The Research Department at that time had a library that consisted of one wall, about six or eight feet wide, with bookshelves on it. That was the entire library. It was very poorly equipped to do its job. I remember at the end of 1947, the first day I operated as director

of the Research Department, I was handed some letters to sign at the end of the day. One of them was in response to a request for wage rates and I found that the letter that I was asked to sign in November or December of 1947 enclosed wage rates for 1941, at which point I blew my stack.

Skeels: Then there had not been a great deal of emphasis up to that time on the research function.

Weinberg: Well, there had been a lot of recognition of the importance of an effective Research Department. I gather that under Bill Munger, who I think was the first research director of the union, the Research Department had been a fairly effective operation. Munger left in the Homer Martin split and went with the UAW-AFL. After his time I saw no evidence of any really effective research department.

Skeels: Then a certain amount of the research work actually is pretty much a collecting service function actually.

Weinberg: Yes. A major part of the routine day to day work of the Research Department consists of furnishing local unions and international representatives with wage rates, with information on contract clauses of various kinds and with copies of contracts where the plant that makes the request is related to part of the same company competitive with another plant. The Research Department is called upon for a great number of financial analysis every year. It is called upon for all kinds of information that may be needed in legislative hearings, city or state. There may be a proposition up, for example, in some city relating to a city pay roll tax and the Research Department will be called upon to furnish information in connection with

that. The Women's Department may call on it for information relating to conditions of women in the industry or in the economy. The Fair Practices Department may call on it for information related to civil rights or problems of Negroes or other minority groups. The Research Department is essentially the basic fact-gathering arm of the union.

Skeels: The specialized function then of trying to develop new programs and ideas would I gather tend to be a rather small function back in those days.

Weinberg: Well, the function as such did not exist at all. When I took over the Research Department, it was my own feeling that the facts that we began to gather should be put to more use than merely a reservoir to be drawn upon when a request came in. The Research Department should be thinking of those facts in relationship to each other and in relation to the problems of the union and it should make suggestions and develop ideas on how to deal with a specific problem. It should make suggestions to the officers of the union. I began to assume that function when I took over the Research Department, as a matter of fact, I had done some of that during my first year when I was technically a part of the Research Department staff. Gradually that became to occupy more and more of my time and the service end of the operation became irksome. I was very glad to shuck it in 1957.

Skeels: Could you give us some specific examples of the operations of the Research Department, for example, in collective bargaining?

Weinberg: Well, I participated in all major negotiations since 1948. Perhaps the major contribution made by the Research Department for the development of a collective bargaining program and to the actual negotiation of it during the time I was research director came in connection with the negotiation of the SUB plans in 1955. The demand for a guaranteed wage was a very old one in the industry. It actually antedated the birth of the union. As far back as 1934 a special group under the National Industrial Recovery Administration had been set up under Leon Henderson to study regularization of employment in the auto industry, a highly unstable industry, which subjected its workers to long periods of unemployment almost every year and during depressions for years at a stretch. The Henderson group went around from one automotive center to another studying conditions in the industry. In a number of cities it held hearings to which auto workers were invited to present the problems as they saw them and any suggestions for solutions to those problems that they might have. The Henderson report noted that one proposal that came up over and over again was a proposal for a guaranteed annual wage. The workers advanced this proposal on the theory that if the employers had to pay workers the year round, they would find a way to utilize their labor on a steady basis. The workers suggested that the way to make the employers behave responsibly in relation to their production schedule was to make it costly for them to behave irresponsibly.

Well, there were a number of other problems that had to be dealt with between 1934 and the time we were really ready to push for the guaranteed annual wage. There was the whole problem of postwar

inflation. There was the problem of the old-timers. The gray hairs began to appear in the plants after the war because the union when it was born had established seniority. Before that the old-timers were thrown on the scrap heap when they were 40 years old.

There were other problems of that kind that took priority, but along about 1950 the leadership decided that the time had come to strike out in a major drive for the guaranteed wage. The 1951 Convention made this the next major collective bargaining objective. Our major contracts at that point were tied up for five years from the period of 1950 when we had signed them until 1955. So the 1951 Convention action gave us four years for preparation.

Following that Convention, Walter created a study committee of union staff people of which I was the chairman to see how the general idea of a guaranteed annual wage could be implemented in practical terms, in terms that it would be acceptable in collective bargaining. The committee consisted of myself, of Leonard Lesser from the Social Security Department and one administrative assistant attached to the staffs of each of the officers of the union. We began by looking at the various guaranteed wage plans that were then in existence and proposals that had been made by various people for other forms of guarantees. We found that none of them were particularly suited to the problems of the auto industry and the attempt to establish them in the auto industry would create not only operational problems but would also create great problems in negotiations. It would probably be impossible to win them.

We decided that we had to strike out on our own and develop a completely original plan that would meet our needs. We did that as systematically as we could, collecting pertinent information about the industry and trying to anticipate the problems that the employers would raise or the practical problems that they would encounter. We kept at this with regular meetings over many months before we had what we thought were the basic elements of the kind of plan the union could propose and would stand the chance of getting.

At that point we decided it would be well if we had an opportunity to check our ideas against those of outside experts in the field of economics and the field of social security. So the executive board recommended to the '53 Convention, if I remember correctly, that a public advisory committee on the guaranteed annual wage be established. That was done shortly after the Convention. We had ten outstanding economists, social security experts from the U.S. and Canada on that committee. The names I remember offhand were Seymour Harris and Alvin Hansen from Harvard University, Bill Haber from University of Michigan, Ed Cushman who was out at Wayne State University, Eveline Burns of Columbia University, Arthur Altmeyer who had been director of the Social Security Administration, Dick Lester of Princeton and Vincent Layden of the University of Toronto. I guess there must be a couple of others whose names do not come to me just at the moment.

We had three meetings with this committee and we gave them exhaustive materials, both on the plan that we had developed at that stage

of things and also on the problems of the industry that the plan was designed to meet. The meetings were extremely interesting. The people present had agreed to serve on the committee without compensation, though we later on offered them an honorarium. We did not feel that we had a right to take their time without compensating them in some way. They regarded it as their function to advise us from the standpoint primarily of the public interest. We were concerned that we not develop a plan that might do damage to the economy and we called them particularly for advice in that connection, though we also asked them to explore with us in detail the outline of the plan as we had developed it to that stage. We found that on every issue where there was any disagreement at all, the members of the public advisory committee were divided among themselves. There were always some and generally a majority who supported our point of view, even though there might be some who differed on a specific issue. But we found no issue on which they were all opposed to what we were planning to do.

We found these meetings very stimulating, I think it is a fact they actually contributed very little to the details of the plan itself. They found nothing that was basically wrong in it except that some individuals may have felt that on some specific points. One of the things they did persuade us about was that what we were talking about was not really a guaranteed annual wage. We had had some feeling to that effect in our minds. As a result of our meetings with them, we changed our name for it to Guaranteed Employment Plan.



All through the process of developing our own proposals we were conscious of the fact that the plan no matter how well formulated would have to be a relatively complicated one. It would be very difficult to negotiate in a 60-day period. We were confronted with the danger that because of the complexity of the thing we might end up the 60-day period without an agreement on the terms of the plan and with the necessity to try to hammer out the detailed and complicated plan in the midst of a strike and all the pressures that would involve. So we tried to get some advance discussion with the industry to avoid that danger. The industry would not join with us, either separate corporations or on an industry-wide basis in setting up a joint union-management study committee on the grounds, as John Bugas of Ford Motor Company expressed it, that if they set up a study committee for this, we would have a man on first base, we would be on the road to getting our demand.

We decided that we had to conduct our collective bargaining at long range. We began to publicize not only the objective of the guaranteed wage but our notions as to how we would develop implementing machinery to attain that objective. As early as 1951 I spoke to an American management association group in New York. The speech, most of it was later on reprinted in Ammunition, indicated that this was our next major objective, that management people would raise all the usual objections management people had always raised to any new union demand, but that in the end as I said at the time they would come to the bargaining table pen in hand to sign such agreements.

We let out the details of the plan as we had developed them as we were sure of them for the benefit of our own membership, for the benefit of the public and also to get management thinking about the problems. As it turned out, this was a very sound approach because when we got into actual negotiations with Ford in the spring of 1955, we found that the Ford Motor Company had done its homework. In fact, Bugas told us at one point that they knew more about our plan than we did because they had studied our literature so thoroughly.

This then was a situation where we had engaged in a very detailed analysis, study and synthesis of ideas to develop implementation through collective bargaining. Just a general idea of the objective had been kicking around in the industry for a long time but nobody at the point we started was sure whether it could be implemented or how it should be implemented.

We encountered some problems along the way where people thought that what we were trying to do was impossible. One of them was the question of integration of benefits from the guaranteed employment plan, as we then called it, with state unemployment compensation. It was widely believed that this would be impossible under the state unemployment compensation laws. Well, with the aid of Leonard Lesser, who is a lawyer, the laws of the various states were analyzed one by one, and we came to the conclusion that in the great majority of cases, it would be possible to supplement state unemployment compensation. The benefits under the plan would not be treated as wages, thereby reducing the workers unemployment compensation benefit or resulting in the denial of his unemployment compensation benefit which would have nullified the effect of the plan.

We were a tiny minority among those in this country who believed that this supplementation was possible. As a matter of fact, this was one issue on which many members of our public advisory committee felt that we were taking a great risk. It took a good deal of courage on the part of the leadership of the union to push for a plan of this kind, knowing that many people thought that there was a risk that after we had spent an enormous amount of time, effort and energy in collective bargaining and had gotten the agreement, it might be washed out by the barriers in the state laws. As it turned out, we were right. We had problems in some states in terms of adverse rulings or amendments to the law specifically designed to bar integration of unemployment compensation with what are now known as SUB benefits. But as of this moment there is only one state, Virginia, where integration of the two types of benefits is prohibited and that was a result not of the laws that stood at the time we negotiated the plans but of an amendment to the law subsequently adopted by the Dixiecrat legislature.

Skeels: This must be quite a problem to present a new idea like this into negotiations. Did you find that even with the publicity that you developed there was a certain amount of resistance when you first presented the idea?

Weinberg: Well, we knew that we would have great resistance in General Motors and we decided to concentrate on Ford. Ford had brought in Douglas Brown of M.I.T. to make a study for them of the

guaranteed wage idea. According to a Saturday Evening Post article, which is the only authority I have on this subject, his findings were negative. He believed that such a plan could not be developed and the company should not try to negotiate one.

As we got into negotiations in 1955, it became apparent from more than the remark by Bugas that I mentioned before that the company really had done its homework. They understood what we were driving at, and over several days they asked very intelligent questions about our proposals. I became convinced as did all of those on our side of the bargaining table that we would end those negotiations with a guaranteed employment plan of some kind. Based on the discussions addressed to us by the company, we felt pretty close to the kind of plan that we had developed in terms of structure. We recognized at the beginning the benefits would be less liberal than those we thought we ought to have. After some days of questioning of this type, Bugas said that he and a number of other members of the company's bargaining team would like to be excused from negotiations for about 10 days to do their homework and they would come back to us with a proposal. All of us understood this to mean a proposal related to our basic demand.

As a matter of fact, just around that time I made a list of what I thought would be the elements of the company's counteroffer, and I showed it to Jack Conway. He said, "Well, put it away in your wallet and we will look at it after the negotiations." As it turned out, even though there had been no specific basis for it in the questions asked by the company, I was very close to what they actually did propose.

During the 10 days that Bugas and the others were excused from the bargaining table, General Motors had made a proposal to us. I later on described this proposal as a three-headed monster. In place of the guaranteed wage that we wanted, the company offered a layoff loan plan. When a worker was on layoff, he would be able to borrow from the company up to a certain amount related to his wage. When he was recalled to work, he would pay it back out of his wages. General Motors' guys in reacting to this plan coined the phrase, "If you want a loan, see Sloan;" Alfred P. Sloan was the former chairman of the board of General Motors.

The second element in the GM proposal was a severance pay plan with all kinds of strings tied to it. The worker would have to give up a good deal including any vested pension rights he might have in order to get the severance pay. The third element of it was a stock purchase plan. The workers would be permitted to deposit with the company up to 10 per cent of their wages and the company would contribute an amount equal to half of that for the purchase of government bonds and company stock. This was something that only the better-off workers, the workers with higher wages and small families would have been able to avail themselves of because the workers with lower wages or larger families would not be able to put aside any part of their wages in this kind of saving.

When Bugas came back to the bargaining table I think on a Thursday, (later on they came to call that Black Thursday), he opened up by passing around documents which the minute we glanced at them

we knew it was exactly the same offer as General Motors had made to our GM bargaining committee. At that point there was an explosion from our side of the table because the company had led us to believe that we were on the road to a guaranteed employment plan. The words exchanged in that session were very heated, but apparently General Motors had gotten hold of Ford and convinced Ford that two of them together in a united front could get us off the guaranteed employment plan notion, which was distasteful to them ideologically.

At the conclusion of that session the leadership on the union side decided to call a meeting of the National Ford Council for Saturday. Delegates from all of the Ford locals were asked to come to Detroit for that meeting. Henry Ford II was invited to come to the meeting and present the company's point of view. Well, in reply to that invitation the company made a very bad tactical blunder. A letter came to the council from Henry Ford on the stationery of Charlie Moore who was the public relations director of the Ford Motor Company and that letter in effect proposed that the union ought to let the workers vote on the company's offer and the union leadership should not by itself turn down the company's offer.

When we got that letter, we saw our opportunity. That night after the council meeting I went home and took a nap for awhile. Then I woke up and sat down at the typewriter and I developed a list of questions to be addressed to Bugas at the next day's bargaining session. Next morning, which was a Sunday morning, I came into negotiations with my list of questions in my pocket. Walter came in

a few minutes late. When he came in, I was sitting directly behind his seat. I passed my list of questions over to him and he immediately saw the point of them and began addressing them to Bugas. The purpose of the questions was to get Bugas to exaggerate the value of the offer that the company had made to us. Bugas did very well at exaggerating it. He was probably operating under the theory that the UAW was overawed by the combined power of GM and Ford, that we were going to back off our guaranteed employment plan demand, and that we had to make look as good as possible to the rank and file the three-headed substitute that they had proposed to us. Walter's questions, therefore, led him to emphasize the great value of their plan. By the time he got through that plan was worth something near 12 cents an hour.

When that session concluded, Leonard Lester, Jack Conway, Walter and I sat down to write Mr. Bugas a letter in which we said in effect, "You say that you are prepared to give the workers 12 cents an hour in the form of the three-headed proposal that you had made. You say that your objective is the same as ours, the security of the workers, and that your proposal is designed to bring them this kind of security. We for our part on the union side have advanced another way of providing the workers with the security they need. Mr. Ford suggested that the workers be allowed to vote on the company's proposition. We propose that they be allowed to vote on which they want, you proposal or the union's proposal."

We came into negotiations the next day with that letter and we read it to the company and there was consternation on the company's

side. They, if I remember correctly, took a short recess and then came back and asked for a recess for two days. They said, "During this period we would like to have a news blackout. Neither you nor we will go to the press." We had already given our letter of that morning to the press. "Neither you nor we go to the press with any statements about negotiations and then we will come back to you with another proposal." They said in connection with their request for a news blackout, "We have to explain to you, however, that we are already committed for national newspaper advertising all over the country, advertising the proposal we made to you last Thursday and it is too late to stop that now so you will see that in the papers despite anything we may agree to here on news blackout." We knowing that we were on the road very generously recognized their problems with their ads and said, "Okay." I think it was two days later (I think it was a two-day recess that they asked for) they came back and outlined to us the terms of their proposal for a supplemental unemployment benefit plan. They did not like the name guaranteed wage and they did not like the name guaranteed employment plan. But in all of its major essentials the structure of their proposal to us was essentially the same as the structure of the plan we had proposed to them except that the benefits were not as liberal, the duration was not as long, the eligibility requirements were much more restrictive.

Their proposal was seriously bad in a number of ways which we were able to straighten out in negotiations. For example, they



wanted the benefits of the workers in each area related not to his Ford wage but to the average manufacturing wage in that area which would have meant that people in the warehouse in Charlotte, North Carolina, for example, would have gotten a fraction of the benefits of people in Detroit earning the same wage rates would have gotten. But those things we managed to straighten out in negotiations.

We finally had, after 21 years, what the workers had called for back in 1934. As Walter put it at the conclusion of these negotiations when he spoke to the press and to the television audience, "We have laid the foundations for the kind of security that we think auto workers and their families ought to have."

The executives of the Ford Motor Company were ostracized for some period after those negotiations by their colleagues in management. When they went on the golf course, other people would not speak to them and so on. They felt under some pressure to persuade the world that they had not acceded to our outrageous demand for a guaranteed annual wage but had developed something completely on their own that did not have any of the ideological hazards of our proposal and so on. But anybody who compares our proposals with the plan that was ultimately negotiated can see on an objective basis that we got essentially in terms of the structure of the plan, not in terms of benefits and so on, essentially what we went after. Skeels: How was the concept, if you remember specifically, of the company's liability developed? I do not think that was a common concept in any of the other employment plans. I might be mistaken.

Weinberg: Well, we knew that it would be impossible to finance a plan of this kind on a pay-as-you-go basis. Because the automobile industry was vulnerable to cyclical fluctuations in the economy there had to be a reserve fund to meet cyclical fluctuations. On the other hand, we felt that the company should be penalized as heavily and as quickly as possible for seasonal instability about which it could do a great deal. We proposed, therefore, a combination of pay-as-you-go and reserve funding. The reserve funding was designed primarily to meet cyclical situations with the pay-as-you-go end of it to meet short term fluctuations, primarily seasonal. But we recognized also that there had to be some limit to the company's liability and we proposed a ceiling on the combined cost of the pay-as-you-go outlays and reserve fund contributions. Well, we eventually ended up with a flat contribution.

Now another thing we wanted to do was to give the companies the strongest possible incentive to stabilize. So we provided that they would be able to cut off their contributions entirely at a point where they had no seasonal fluctuations calling for pay-as-you-go outlays, and when the reserve fund had been built up to a level sufficient to carry the burden of a major cyclical fluctuation. The idea of a maximum funding that is built into the plan came out of that proposal of ours to build a reserve fund up to a certain level and then cut off contributions to it and this has been the possibility of saving money that way by cutting off contributions.

It has been a major incentive that has impelled the auto industry to make a good deal of headway on stabilizing employment. Business Week had an article a couple of months ago showing the degree of stabilization that has been achieved since 1960 as a result of the very strong incentive that the higher benefits and the short workweek benefit particularly that emerged out of our 1961 negotiations, and given the companies to stabilize their employment.

Skeels: It is said sometimes that negotiated pension plans weakened employer resistance to increases in benefits of OASDI later. Was there any such impact of the guaranteed employment plans or SUB plans?

Weinberg: Well, it is not hard to trace directly in the case of the pension plan. If you want, I can give you some very vivid illustrations of the direct impact on social security changes. But the impact of the SUB plan is hard to trace directly. However, we do know that in the months immediately preceding our negotiations in 1955 because of all the noise we had made about the issue publicly, there were mere improvements in terms of benefits in duration of state unemployment compensation laws than there had been in any comparable period for many years prior to that, if there was any period where there was much change. Senator Strickland noted right after we won the plan that it would have a major effect at least in calling

attention to the inadequacy of public unemployment insurance. I think that it is demonstrable that since 1955 there has also been considerably greater progress made in improvement of the unemployment compensation laws than there was prior to that time. At the present time, however, we seem to be going backwards in some states in unemployment compensation. Do you want the story about the pension?

Skeels: Yes, that is very interesting.

Weinberg: Well, the Social Security Act, as you know, was enacted in 1935 and there had been some minor changes in 1939, but no significant change in the benefit structure. The benefits were very low to begin with. It was recognized that they were low at that time because this was a new program that would have to be improved over time. It was a pioneering experiment, and you do not start with perfection. The enormous wartime inflation made the benefits even less adequate. There had been absolutely no progress at all in a real sense made in improving social security benefits from the time the law was first enacted in 1935.

When we set out to win pensions, we established a public advisory committee. Many of the people on that public advisory committee felt that we would damage efforts to improve the federal social security structure, if we succeeded in winning private pension plans. They felt then the steam would go out of the drive to improve the federal benefits. We were sufficiently impressed by what they said so that we developed our pension program in terms of integrating it with the federal pensions so that the more the

worker was able to get under social security where the worker was paid half the cost, the less the company would have to pay. This is the kind of plan we won from Ford in September of 1949 when the first collectively bargained pension plan in the mass production industry was established. Two days prior to the signing of the Ford Motor Company agreement, Ernest Breech, who was then the chairman of the Ford Motor Company, made a speech, I believe somewhere in Ohio, in which he for the first time publicly recognized the inadequacy of federal social security benefits. Within a few weeks after we signed the Ford agreement, C.E. Wilson, who was then the head of General Motors, made a similar speech. Wilson in the speech became a sociologist. He pointed out that the nature of our society had changed. In the old days we were largely a rural society and when grandpa got too old to put in a full day's work, there were always some things he could do around the farm and the farm provided him with the means of feeding himself and so on. But that now we were an urban society, and those possibilities were not open to urban workers. Therefore we had to improve our federal social security structure. We have no doubt that it was the effect of the Ford plan that had set Charlie Wilson off on his sociological thoughts.

By June of, I think, it was 1950, as a result of the reversal of position by the major corporations, there was adopted the first basic amendments to the benefit structure of the Social Security Act since it was first enacted in 1935. Prior to the time we had gotten the pension plans, when we raised the issue at the collective

bargaining table, they said, "Well, that is not our business. You take that down to Washington." When we went down to Washington, we found their lobbyists fighting against it. So we decided that we would have to fight on two fronts at once. We used collective bargaining leverage, the winning of a pension plan through collective bargaining and the integrated form in which we wanted at Ford as the basis for moving them on the other front, the Washington front. That tactic succeeded. Ever since then every two years, every congressional election year, there have been some improvements in the Social Security Act, generally in the benefit structure, but if not in the benefit structure in the form of some other liberalizations that have meant significant advances to workers. So that through our collective bargaining in the auto industry, we were able to make very significant progress not only for our own members who were directly covered by our collective bargaining pension program but for all retired workers or all workers covered by the Social Security Act. This was one of our objectives. Wherever we can, we hope to pursue essentially the same strategy of using collective bargaining leverage to win gains not only for our people but for all other people who have similar problems.

Skeels: Now in developing something like a pension plan I suppose it is again necessary to do a certain amount of background work in the field. I mean you just do not sit down and say, "Let's draw up a pension plan."

Weinberg: I was in only on the periphery of that operation. We established a Social Security Department in 1948 and they in

collaboration with people representing the various officers of the union did the major work in preparation for pension negotiations. That operation was less a process of collective thinking such as we had in our guaranteed wage study committee than it was a technical operation conducted primarily by the people in the Social Security Department itself.

Skeels: This again requires that management be up on at least fundamental terms. I mean when you mention vesting, it does not come as a sartorial term.

Weinberg: Well, pensions presented a problem of a very different order from the guaranteed wage problem because there were pension plans in many industries. So the ground was pretty thoroughly plowed and it was basically a matter of selecting features from among those plans that already existed and making them part of our proposal. In the case of the guaranteed annual wage, there was no plan that was suitable for the kinds of problems that we faced in this industry and we had to start from scratch. So to that extent the operations were different. The thing that was absent in the pension field with respect to mass production industry were collectively bargained pension plans. Some of the steel companies had pension plans prior to that time, but they were very inadequate pension plans. Pension plans had already been won in the needle trades and they had been won by John Lewis in the mine industry. The significant development I think that our negotiations contributed in the whole field of pensions was the emphasis on three elements of the pension plan:

funding, actuarially sound plans; the non-contributory principle, the entire financing to come from management; and joint administration, the union to have an equal role with the company in determining matters of eligibility, and that sort of thing.

As you undoubtedly remember, we had to conduct a strike for 104 days against Chrysler in 1950 for what must have seemed to many workers at the beginning at least as the abstract principle of funding. But by the time that strike was over, these workers, most of them I think, understood very thoroughly what was at stake in the funding fight. We can see the importance of that fight by what is happening today to the mine workers pension which was not a funded pension. The miners have been compelled, since they did not fund their plans, to cut back very drastically on benefits, to rule certain people out entirely as far as eligibility is concerned and so on. We have not had to do that in any major corporations. The only problems we have had have been in small corporations that went out of business before the funding process was complete.

Skeels: One of the very interesting developments has been the longer term contract in bargaining. Was the experience from 1948 to 1950 fairly helpful in terms of understanding what potential problems might be?

Weinberg: Well, prior to 1948 we had either had one-year contracts or contracts that might run for as long as two years with annual wage reopeners. But this was the period of wartime and postwar inflation. We found that the gains we made in terms of wage increases,



where major emphasis was placed in those days, were soon eroded by inflation. We calculated in connection with the 1947 wage brief that I worked on with Don Montgomery that although the workers had gotten 18½ cents in wage increases in the spring of '46 as a result of the long GM strike, by the time we went into negotiations in '47 we were 6 cents an hour behind in terms of purchasing power. So we were fighting on the basis of annual wage reopeners an inflationary situation. We were fighting primarily to hold our own and we were fighting a losing battle. We were not holding our own. We would make a gain and then it would be taken away and more sometimes taken away by inflation than the size of the gain we had made.

In 1948 we presented a document to GM which stated three basic problems. We said that workers were entitled to protection against increases in the cost of living. We said that they were entitled to what we call the share in the nation's progress by which we meant that as the productivity in the economy rose our living standards should be improved. And we made the third point that we considered the distribution of income in this company as between wages and salaries on the one side and other forms of income on the other side to be such as to lead to economic imbalance. The workers' share was inadequate not only in terms of justice but in terms of economic workability.

Well, the corporation on May 21, 1948, handed us a document in which they ignored the third point but stated explicitly that

they recognized the validity of our first two points and said that they were prepared to make us a proposal to meet the problem with respect to those points. They indicated that in return for that, they wanted a long-term agreement. Well, we would not go for any agreement longer than two years. They did propose the escalator and improvement factor formula. The escalator part of it was to protect the worker against rises in the cost of living and the improvement factor to give him year by year an addition to the wage increases he got through the escalator. These additional wage increases were designed to improve his living standard. We accepted the principles of that. We quarreled with the arithmetic, and we think the improvement factor is still inadequate. There are some bugs in the application of the cost of living principle. But with this assurance of progress in real wages, then it became possible to negotiate agreements where wages were closed for more than a year.

In 1950 we signed a five-year contract. But then along came the Korean War, which frustrated the execution of the intent of the contracts we had signed in 1950. So it became imperative that we try to reopen those contracts in order to carry out the purposes upon which we and the companies were in agreement when we signed the contracts in 1950. Well, it took a good deal of doing to get the companies to reopen those contracts. We did in 1953 get them changed on the theory of the "living document," that is, collective bargaining involved the continuing human relationship. It was not

like an ordinary business transaction where you contract for delivery of a bag of beans and you deliver it and you get paid and then the two parties of that transaction go their separate ways. At the collective bargaining relationship the parties had to live together all the time and had to recognize problems as they arose and had to meet them. So we succeeded in '53 in reopening the contracts. Since then, since 1955 we had our contracts running for periods of three years and no longer.

Skeels: Has there been any effort to implement the third point you mentioned with regard to relative shares?

Weinberg: Well, we have in practice been implementing it ever since we get the escalator and improvement factor wage formula. That formula operates to maintain the workers' relative position during the life of an agreement, at least in theory. His living standard does rise from year to year. In theory the improvement factor is supposed to be related to the national rise in productivity, though it is actually demonstrably less than what would be required for that purpose. At the conclusion of each contract we have negotiated since 1948, we have gotten not merely a renewal of the escalator and improvement factor provisions but we have gone beyond to win very substantial gains in some years, particularly in 1955 and in 1961, very significant gains beyond what the improvement factor, for example, would call for. The formula as I see it is really a springboard for progress. Instead of being in the position we were in prior to 1948 where we were constantly fighting to regain ground

that inflation had taken away from us, now we have protection against inflation. We do get actual increases in living standards during the life of the contract and at the expiration of the contract we fight to win for the workers a larger share in the total product of the economy. The improvement factor we think should be 4 per cent rather than  $2\frac{1}{2}$  per cent, at least 4 per cent. Possibly if we had steady full employment in this country over an extended period of time, we would find that productivity rises faster than 4 per cent. But we have been able to go beyond the theory of the improvement factor at the conclusion of each negotiations to enlarge the workers' share.

Skeels: One of the other interesting ideas in development has related to the workweek. Actually the UAW I believe introduced a slightly different concept from the older notions, is that right?

Weinberg: Well, historically part of the fruits of increased productivity have been taken by workers in the form of greater leisure, either reduction of the workweek or the workday, or increases in the number of paid holidays, increases in the length of paid vacations and so on. That process will undoubtedly continue. The persistence of high unemployment in this country in recent years has led to a demand for a shorter workweek through collective bargaining and through legislative action. That demand has been opposed by many people, by President Kennedy, for example, on grounds that we have enormous needs in this country that will be met more rapidly if we maintain a 40-hour statutory workweek rather than reduce it. The

needs are there and you cannot quarrel with the general proposition, but on the other side of the question you have the situation of an unemployed worker who wants to work and who is told that the workweek cannot be reduced to give him a job because there are national needs to be met. But he says, "But my labor is wasting. I am not being given the opportunity to make my contribution to the meeting of national needs." So Walter some time ago came up with a proposal that bridges the gap between these two positions, both of which have basic validity.

He proposes what he calls a flexible full employment workweek, by law. The proposal envisions that the workweek would be reduced below 40 hours whenever there was unemployment. It would be reduced to the extent necessary to get approximately a full employment level. As demand grows, making it possible to lengthen the workweek without causing an increase in unemployment, then the workweek would be lengthened back to 40 hours. Now an essential element of this proposal is that purchasing power be increased in the process. You just do not have a larger number of workers sharing the same amount of wages on a reduced workweek basis. To finance that increase in purchasing power and to avoid placing burdens on individual employers in times of high unemployment when they could least afford to bear them, Walter has proposed that a National Workweek Adjustment Fund be created and financed through pay roll taxes on employers which would be paid in good times and bad times alike. In good times these contributions would accumulate in the fund. When the workweek was reduced under the proposal to 38 hours, for example, the

worker would collect his 38 hours wages from his employer and an additional two hours of wages from the fund. So the fund would function as an additional counter-cyclical device, taking money out of the economy in times of high demand and acting as a counter-inflationary influence in that respect and pumping money into the economy at times of slack to increase demand and increase employment opportunities. The cost of the contributions to the fund would be offset in major part by reduction in unemployment compensation costs and by reduction of a SUB cost for those companies that have SUB plans.

Skeels: The 1961 Convention had quite a variety of ideas that were developed there. One of them I noticed dealt with the public reinsurance of private pension plans. Could you give us a little idea of what this involved and some of the interplay between collective bargaining and legislation and the like?

Weinberg: I mentioned before that because we insisted on funding our pensions, our experience has been good except in small firms that went out of business or went bankrupt before past service liabilities of the pension plan had been fully funded. This has happened in a fair number of small companies. In the case of Packard at the time of its merger with Studebaker, there was not enough in the Packard fund to pay the full amount of the pensions that the plan had provided for even to those who had already retired, and the pension amounts had to be cut back. Because of the inadequacies of the federal social security law, we have come to rely in this country

to a very high degree on private supplementation of public pension plans. There is a public interest in the soundness of these plans and in fulfillment of the promises made under them to workers. We have proposed that this public interest which carries with it a public responsibility be met by setting up a public reinsurance scheme for private pension plans that would be similar to public reinsurance through the Federal Deposit Insurance Corporation of private savings deposited with private banking institutions. Here it was recognized that there was a national interest in preserving the security of individual savings. This idea has gotten some attention. President Kennedy recently established an interagency committee to study a wide range of problems related to private pension plans. A preliminary draft of the report of this committee went to the president's labor-management committee. It included a proposal that the idea of reinsurance be studied. The president's labor-management committee set up a subcommittee which in turn appointed technical consultants. I am one of the technical consultants on that committee. We have had one meeting already and there will be another meeting tomorrow to go over the report in detail including the pension reinsurance idea. We are in process of drafting an outline for a bill to implement the idea. But this like many ideas we have advanced over the years has taken root. Some of them have already been implemented legislatively and this one seems to offer some fair possibilities of ultimate implementation. Skeels: The UAW has probably the largest research organization of any national union. I was wondering if you sometimes received requests or worked with other unions in the research field?

Weinberg: Well, we have helped other unions both directly and indirectly, indirectly in the sense of pioneering new gains in collective bargaining, like pensions and setting up models so it becomes very easy for other unions to copy. This has been true of the SUB plans, for example. An incomplete list gotten together some months ago by BLS showed more than 40 international unions having SUB plans covering at least some of their members, and these plans cover 2½ million workers in all. The plans are all of them patterned very closely on the first plan that we established with the Ford Motor Company and on the subsequent amendments of that plan. In connection with SUB and pensions and health and welfare plans of various kinds, the staff of our Social Security Department, not of our Research Department, has worked with other unions helping them to develop their own proposals and in many cases actually sitting in on negotiations with them. Additionally Leonard Lesser who was director of social security activities for the Industrial Union Department is also partly on the UAW pay roll. Leonard Lesser has as his major responsibility working with other unions belonging to the IUD. Yesterday he was in negotiations with a group of brewery workers in Milwaukee, for example, for the purpose of getting a SUB plan. In addition to direct help in the form of personal participation in connection with the development of union programs here in negotiations, our Research Department and I on occasion send great amounts of material out to other unions who make requests to us.

Skeels: To what do you attribute the keen interest in ideas in the UAW?



Weinberg: Well, I think it is a combination of a number of things. First, the way the union was born. It was born by the membership in an industry with a hell of a lot of problems. The workers confronted with those problems had a tradition of making their problems known and bringing them to the attention of the officers. I think another factor was the factional fight within the union which helped to develop people. They had to learn how to take positions, how to think through their positions and how to articulate them in meetings and elsewhere. This makes for a high degree of participation by members in the life of the union, relatively highest as compared to other unions; and they bring their problems sharp into focus and then there are also the personality factors. Walter Reuther is a guy who is hungry for ideas. He develops a great number on his own and is always willing to consider on its merits any idea that anybody else may bring to him. I think these factors are the combination. The problems of the industry mean serious problems for the workers; the fact that it is a union that was established from the bottom up gives the workers a feeling that this is their union and they have a right to raise their problems; the factional fight developed active participation and developed individuals; and the quality of leadership gives direction. I think on an objective basis, our executive board stacks up very well as, in fact, head and shoulders above the executive board of a comparable body of any other international union in this country.