NEWS RELEASE

FEDERAL MEDIATION AND CONCILIATION SERVICE • W. J. USERY, Jr., Director

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USERY SUGGESTS LABOR-MANAGEMENT STANDOFF DURING RECESSION PERIOD

NEW YORK--America's collective bargaining policy in a period of zero growth will reflect the concern of workers for job security and income protection, and management's anxiety over productivity and costs.

W.J. Usery Jr., national director of the Federal Mediation and Conciliation Service, expressed this view in an address before the Institute on Current Problems and Issues in Labor Law and Labor Relations in the Waldorf-Astoria Hotel here today.

Double-digit inflation, mounting unemployment, lower man-hour productivity and other economic problems will have a heavy impact on negotiations in 1975, otherwise a relatively light year in collective bargaining.

Usery, also the President's Special Assistant for labor relations, said this may be a period of marking time for both employers and employees. He said that both management and labor "can actually do well enough if they don't lose what they have," but simply maintain the benefits both now enjoy.

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Usery said that workers' real earnings, what he can buy with what he makes," are often lower today than they were three or four years ago.

"No crystal ball is needed to translate this simple fact into labor's primary contract demands," he said.

Unions will push for "catch-up" raises, "with future increases added to this base," he said. Most unions will insist, too, that wage rates in new agreements be protected by a "full cost-of-living escalator, or equivalent."

"As in the third quarter of this year, settlements are likely to include initial wage gains about equal to the inflation rate -- 10 to 12 percent, and sometimes higher where the 'catch-up' is bigger," he predicted.

"But there will be some differences, too," Usery continued. "There will be differences for reasons you know as well as I do. Like nature imitating art, the state of business looks more like the state of the stock market with each passing week."

Employers, he added, weren't necessarily alarmed when cost increases could be passed through without serious resistance from government or consumers.

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"There is even less government resistance today, but consumers are another story," he said. "The auto industry is in a full-fledged slump. The dollar volume of retail sales over last year went up less than the inflation rate, indicating a probable decline in the volume of goods sold."

He went on to say:

Public utilities are cutting back on new construction, and the housing industry has been "the hardest hit of all."

On top of this, man-hour productivity has been sagging, partly because machinery tends to be less efficiently used during periods of production cutbacks.

Cost-conscious employers are likely to become increasingly concerned about worker performance, "including contract restrictions on transfers and job changes, limitations on discipline, paid time for union functions.

"To put it another way, the impact of today's economy will make the most easy-going employer run a tighter ship," he said.

Usery suggested that the needs of both employers and workers can be met, and will be met, through a collective bargaining approach on both sides "to reach agreements that will not only meet their own needs but the other fellow's,too."

While both union-represented workers and employers have steadily improved their positions over the years, "all of a sudden, the expectations of a better and brighter and richer way of life are, if you'll forgive the expression, stagflated.

"But these workers, and these enterprises, are in a position with few precedents in American history; they can actually do well enough if they don't lose what they have," Usery said. "This may be what the times demand. That may be what today's economic realities will produce."

The seminar was co-sponsored by The Council on Labor Law and Labor Relations of the Federal Bar Association and the New York State Bar Association, in cooperation with the Bureau of National Affairs, Inc.

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