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LABOR POLICY AND ITS IMPACT ON AGRICULTURE

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Because of today's highly interdependent economy, the farm economy is greatly influenced by the policies of every other major economic segment in our society. Perhaps the greatest impact upon agriculture comes from the practices and policies of organized labor. The relationships are close, the contacts are often confused, and the conflicts are dynamic.

For a moment let us look at this hybrid fellow, the farmer. No one can deny that he is a laborer. He works hard and long and at various jobs. He is also a manager. He is a capitalist and a manufacturer. He converts soil, water, and air resources into plant life ready for direct human consumption or into raw materials to be reconverted through poultry and livestock from feed to food.

Politically, he is wooed by both labor and management. Economically, he is bedeviled by the clash between agricultural price elasticity and industrial price rigidity. Socially, the farmer provides the ladder on which mankind may climb to higher standards of living.

Farmers are employers of labor, both directly and indirectly. A high percentage of family farms hire seasonal labor. Some hire labor the year around.

As members of operating cooperatives, farmers are direct employers of labor. Dairy and other marketing cooperatives deal today primarily with union labor.

Though on the surface some other indirect relations of agriculture with labor may seem remote, these influences are nonetheless real and perhaps are even more phenomenal. Today's mechanized farmers are heavy purchasers of iron and steel products, chemicals, building materials, fuels, and many services. In addition to machines and equipment needed in agricultural production, farm families are heavy purchasers of food, clothing, and household goods made by union workers. Likewise, labor management relations involving packers, canners, and non-cooperative dairy product manufacturers have an important bearing upon the economic welfare of American farmers.

LABOR'S INFLUENCE IS FELT AT MANY POINTS

At every step along the marketing trail, labor practices and policies determine costs and alter procedures. In 1955, direct labor costs

amounted to 47 percent of the nation's total marketing bill. More than half of transportation costs are direct wages paid by the transportation industry.

Indirect but real are the substantial labor costs in the making of tin, paper, and wood containers, the cost of fuel to power transportation, wages paid in the making of rails, boats, trucks, and warehouses, not to overlook labor costs in communications, insurance, and financing. Taxes are essential marketing costs.

The "middleman," frequently the brunt of labor union attacks, is often the whipping boy used to explain the price spread between original producers and final consumers. Verbally they clothe him in the garb of the capitalist, the employer, and the manager.

In reality the middleman is many people, performing all the diverse processing and distributing services that constitute the vital chain of marketing. Hence, labor plays a necessary and important role on the legitimate middleman stage.

SOME EFFECTS ARE ADVERSE

Let us first turn to labor *practices* that adversely affect agriculture. On too many occasions racketeering practices cause labor to play the role of villain on the marketing stage.

Imposition of unloading fees at terminal markets is an example of this. In spite of the Hobbs Anti-Racketeering Act, this practice has recently gained new momentum in many Middle Atlantic markets and is spreading beyond. For example, at many terminals the truck driver is not permitted to unload his cargo. Men assigned by the union, not in the employ of the warehouse, must be paid an unloading charge while the driver watches them do the job.

In the Philadelphia market the standard unloading fee for trucks is \$18.40 regardless of the size of the load. The payment is made to men assigned to a particular location by the Teamsters Union Local 107. If the transportation company refuses to pay, its trucks are not unloaded.

In an Indianapolis case the Internal Revenue Service has ruled that the trucker is the employer and, hence, is responsible for individual tax withholding in connection with these "unloaders." If this be true, then responsibility also extends to social security deductions and unemployment insurance, as well as compliance with state and federal minimum wage and hour regulations. This is like saying that you must assume employer responsibility for the fellow who holds you up on the street corner. The Teamsters and Truckers Union seems to be both dominant and dominated, as present day news items tell us.

Other detrimental practices include slow-downs, featherbedding, "hot cargo," and other restrictive practices.

For many years butchers' unions held out against pre-cutting of meat. In some areas self-service meat counters must be closed at 6:00 p.m. regardless of the fact that the store stays open until 9:00 p.m. because of union insistence that meat be sold only when a butcher is present.

Another example is a rule that eggs sold in a specific city must be graded and candled in plants located within the limits of the city where they are sold.

Another rule requires trucks going into a particular market to be driven by or to be accompanied by the representative of a specific local union.

Prohibitions against night time spotting of trucks, the use of secondary boycotts, and insistence on hot cargo clauses are among the family of restrictive labor practices that indirectly raise the middleman spread and adversely affect every type of farmer.

So much for practices; now let's take a look at some *policies*.

Unions have put major emphasis upon *wage rates*, hourly or otherwise, even to the point of defeating the objectives of larger take-home pay and the principle of steady employment. A case in point concerns the 48-hour work week at a farmer-owned and controlled dairy cooperative in Wisconsin. Says the manager:

The trouble lies in the terrific power union officers exercise over the membership. Often they will sell the local membership down the river to gain uniformity or to get some national objective. We offered the same wage increases whether the work week was to be 48, 46, or 44 hours. Union officials forced our boys to take the short work week. Result—as the work week is reduced, our boys are having less take-home pay. To compensate for this loss, they take part-time work elsewhere, often at a mere \$1.00 an hour.

Industry-wide bargaining is another important labor policy affecting agriculture. Farmer-owned cooperative processing plants and most non-cooperative food processing industries are located in rural areas where costs of living are much lower than in the larger industrial centers and where employer-employee relationships have long been more or less on a friendly neighborhood basis. Too often these conditions are ignored and the interests of the local people are submerged under an over-all industry-wide or nation-wide labor union principle. Bargaining representatives are sent in from the outside. As a result local conditions are ignored and small-scale farmer cooperatives are forced into unwarranted high costs.

Force and often *intimidation* are used to achieve the objectives of some unions. Where no dispute exists and often where none, or at best only a few, of the employees are members of a union, pressure and conflict are superimposed from the outside to drive employees into the union and to compel management to sign closed-shop or all-union agreements.

Another serious policy issue arises from the preference many unions show for dealing with *large-scale units* rather than with small companies or cooperatives. This does not mean that they overlook small plant unionization; it means that large-scale contract patterns often result in forcing the liquidation of small enterprises and compulsion of mergers.

The *closed-shop* principle gives union officials more complete control over an industry even to the point of hiring and firing individual employees.

One-way escalation is now an important clause in many union contracts affecting millions of workers. Under this principle if the cost of living rises wage rates automatically increase, but if cost of living falls nothing happens. That is a real inflationary lever.

In many contracts this *cost-of-living clause* also opens the contract for renegotiation. I have here a copy of a notice sent to a dairy cooperative by the General Drivers and Helpers Union Local 622 at Eau Claire, Wisconsin, which reads as follows:

As provided for in the Union Agreement and in compliance with the Labor Management Act of 1947, the Union is hereby serving the required sixty (60) day notice of its desire to open the agreement for the purpose of negotiating wages as provided for by the Agreement because of the rise in the cost of living.

Tariff protection requested by labor and management against lower cost industrial goods from abroad helps to maintain the cost-price squeeze on agriculture. However, agriculture's efforts to keep out low cost farm products is looked upon as a consumer gouge.

Union opposition to profit-sharing for employees reduces the spirit of teamwork between employers and employees. This is of concern to farmer cooperatives. The success of the Golden Guernsey Dairy Cooperative in Milwaukee is in no small degree the result of a form of profit-sharing. Employees there are holders of preferred stock receiving the same rate of interest as is paid to common stockholders. "Under the co-operative law, the savings are to be returned to the producers and a wage bonus equal in percentage to that paid to producers is declared."

AGRICULTURE ACTS IN LABOR LEGISLATION

It is not news if a dog bites a man, but if the man bites a dog—well, that is something else again. Nearly 20 years ago it was news when farm leaders of the Wisconsin Council of Agriculture developed and secured passage of Wisconsin's Employment Peace Act. I can think of no better way to illustrate the influences of labor practices and policies than to review the series of events leading to the enactment of the law in our state.

The Little Wagner Act of 1937 was questioned but not seriously opposed by farmers. Up to that time strikes, lockouts, picket lines, and boycotts were considered by farmers as fights "in Mrs. Murphy's backyard," not in theirs.

However, in 1938 a strike at the Land O' Lakes Creameries Co-op cost members nearly a quarter of a million dollars. At the height of the 1938 canning season, a strike in Racine County caused farmers to lose several hundred tons of spinach that could not be processed. At Richland Center the insistent attempts of union organizers to force creamery employees into a union and dominate the cooperative resulted in the dairy farmers themselves driving the labor organizers from their plant with pitchforks and clubs. About that time a milk distributing cooperative that previously had been coerced into signing a closed-shop agreement was ordered to fire one of its most efficient and dependable drivers.

These experiences caused farmer cooperative leaders in our state to take a second look at labor legislation. They saw that the Little Wagner Act defined only the rights of employees and the responsibilities of employers. They began a thorough study of labor relations law. They called on business, labor, and agricultural economists.

As research by the Council of Agriculture's special Labor Relations Committee became more complete, these farm leaders became more firm in their convictions that labor legislation should balance the rights and responsibilities of *both parties to a labor agreement*. At the 1938 annual meeting of our organization in Milwaukee's Auditorium, fuel was added to the rising fire of dissension when the Musicians Union insisted that a stand-in orchestra must be paid if a 4-H boys and girls orchestra appeared on the program.

As a result, farmers prepared and passed Wisconsin's Employment Relations Act.

WHAT THE LAW PROVIDED

Here are a few high points of the law. Labor's right to organize free from employer dominance, its right to strike, and its right to determine union representation continued to be guaranteed. Labor

was given the right to a secret ballot in deciding whether to have a closed shop, an all-union agreement, or neither.

Because the highly perishable nature of its products places agriculture in a more vulnerable position than nonagricultural industries, a provision was written into the law requiring at least 10 days' notice of intention to strike.

The closed shop was not outlawed. However, a three-fourths favorable vote by secret ballot of all employees in a bargaining unit was required before a closed shop or all-union agreement could be considered. Secondary boycotts were outlawed.

A very basic provision of the Act defined a labor dispute as being a disagreement between an employer and a majority of the employees in a bargaining unit. This was designed to prevent labor union organizers from superimposing strikes and boycotts where no union existed and where labor and management really had no disagreement.

A RESPONSIBILITY FOR AGRICULTURE

I believe every state should consider fairly and fearlessly the adoption of this type of labor relations legislation. I am convinced that agriculture must take its share of responsibility in determining the need and nature of such laws. No group has more need for growing in the labor relations field than agriculture.

When discussing the effects of labor practices and policies, I cannot overlook the present-day crossroads conflict between farmers (dairymen particularly) who established and believe in the principles of farmer-owned and controlled cooperative marketing, and those part-time farmers whose experiences with industrial union membership cause them to favor and even follow the high pressure policies they have known as union members in large-scale industrial plants. Parts of some Michigan and Ohio fluid milk sheds are reported to have as many union card carrying producers as farmers free of such affiliations. This accounts for many of the present-day dairy group differences.

I feel it is important also to point out that a large percentage of agriculture's direct contacts with union labor has been with the Teamsters and Truckers Union. Some of the practices of that union have been most questionable and some of its leaders have recently received considerable notoriety.

ORGANIZED LABOR'S CONTRIBUTION TO THE GENERAL WELFARE

I hasten to add that organized labor generally must not be tried in the light of those standards. The labor movement also has an affirmative side.

Labor's struggle for greater security is commendable and worthy of study by American farmers. I grant that fringe benefits are a growing cost included in the prices paid for farm production supplies and consumer goods. Nevertheless the principle of income in retirement years is very sound. Likewise protection in the form of workmen's compensation insurance adds stability to our general economy.

The struggle for better wages and working conditions has, in the main, brought a higher standard of living which likewise is reflected in agricultural prosperity. The drive for greater industrial safety has lessened suffering and has lowered over-all public expense in caring for the unfortunate.

As in the case of farmer cooperatives, to the extent that unions have given greater autonomy to workers so also the benefits of democratic responsibility have been achieved.

Employee interest in improved training for trades and industry and better education must be appreciated by all.

Labor's constructive contributions to the welfare of workers likewise are boosts to general welfare. Collective bargaining is as essential for workers as for farmers. At the same time, in all brackets of society, the difference between sound and reasonable collective bargaining on the one hand and the arrogant use of power on the other hand must be realized by labor itself.

Farmers appreciate the importance of high employee take-home pay. They are vitally interested in continuity and regularity of employment. As I said in the beginning, farmer-labor interrelationships are many and important to both agriculture and labor. The policies and principles of each major economic segment in our land definitely enhance or endanger the welfare of others.