

WP40CR

24 February 1972

(memoir of
A def)

~~XXXXXXXXXX~~

Following upon two telephone conversations of 40 and 20 minutes, and upon some silent thought at Hicksville, L.I. I journeyed out to Servo-Corp, ^{early} yesterday morning to see what the trouble was like. ^{knowing I am without funds,} Peter Tolra had referred Henry Blackstone, its President to me ~~and I am~~ as the cure-all consultant, this time a labor organization drive.

I found ^{one of the} a classical situation. "H. B." (he is so called) ~~he~~ established the company after World War II & has ^{guided} ~~run~~ it for 26 years up to \$7 million of ^{annual} revenues per year, ~~and~~ now he is about to achieve a logical, ^{and} promising acquisition of a new product division, he is confronted with a United Electrical Workers' effort to gain union recognition and collective bargaining. Half of his 200 employees are professional or clerical staff, not ^{involved in} ~~concerned with~~ unionization, while the other half has, in a majority of cases, signed ^{reports} ~~pledges~~ to invite the union in. ~~and~~ A hearing is scheduled next week and an election will follow ~~at~~ a few days later. He and his principal executives agree that, as of now, the Union will win the election, and, he feels, ~~that~~ there is a ~~half~~ 50-50 chance of a strike before long. The telephone ^{conversation} ~~was~~ ^{was} like this, in part:

~~The people in the plant for
the purpose of ^{discussing} communicating back and
forth.~~

→ ~~A.~~ ^I think that the human relations in the
Plant are very good on the whole.

Q. I agree and will go one further. ~~After~~
Studying the results of Dr. Greenapple's
Survey of employee feelings, I was
most impressed with the ~~solid~~ ^{solid group} structure
of the company. It is a rare and good thing,
and very noticeable, by the way, ~~even~~ even
in a ~~very~~ short visit. ~~to the~~ A lot of things both

in the technical and human areas of concern have been outstandingly good.

A. I was hurt by some of the negative
findings.

Q. From what we've said so far, you could
almost predict what your weak points
would be. You know them by heart now,
but I'll pick out the ones that hurt:

"What do you want me to do!"

"Put hands on head. We cannot make
peruses while the electron is in the offing."

but we have to see what can be done to avoid the unionization."

"Why don't you want the union in?" ^{customer}
 "Our work is ~~so~~ special ^{each product is hand-crafted} that we cannot ^{get}

afford the rigidities that the Union will impose. We have to be able to ~~fire~~ hire and fire freely. We cannot ~~get~~ train one man to move over to another part of the ~~job~~ shop to take over a vacant position; ~~with~~ too much ^{skill is} ~~needed~~ needed."

"Who are the core of the movement?"

"One man, who was hired for a short-time and then laid off, was perhaps a union plant. But a ^{several} ~~couple~~ of the older men in the machine shop are the core. They've been with the company for from 8 to 15 years."

"What do they want?"

"Well, we've ^{made} ~~done~~ a couple of ~~the~~ mistakes and there've been ~~some~~ ^{mis}appointments. I grant that our ^{profit-sharing} ~~plan~~ plan, which we once thought was a good one, hasn't worked out at all."

"Why didn't you do something about it?"

"We had a couple of hard years. Last year was good. But now I can't make any changes before the election."

"Don't you have an industrial relations manager?"

"No. We had a personnel manager,

but when he left a year or so ago,
a girl kept the records for a while,
then she left and another woman
took over the job."

x . x x

The train ride to Hillsville is desual.
A massace of structures and aesthetics.
The factory is one of a number of
flat buildings in what is called an industrial
park. Inside the building the ~~for~~ employees
have plenty of ~~room~~ space. There are
separations into cubicles. ^{from the ~~top~~ high ceilings} ~~Over~~ ^{up} hang the
~~the~~ apparatus of heat, water, lights, safety,
and expending valves against ^{the} fire-hazard.
There is little noise. The pace everywhere
is even and moderate. The people wear
relaxed expressions, comfortable ^{individual} clothing.

I wear a leather coat, a fur hat,
~~on the floor~~ informal orange-brown pants
and a ^{light} grey jacket ~~of~~ ^{with} light brown
shirt and stylish wide ^{heavy conservative} striped
black
old-fashioned ^{laced} shoes now almost stylish
again after twelve years. Starting with my
beard, ~~and some~~ ^{and some} learning
there is ~~no~~ ^{no} point to ^{try} appearing like
everyone else. It is better to be different,
but solidly different, which is what I
do normally anyhow.

new production and
management
structure

Lou Chmerich, the ~~second~~ ^{new} man, ~~of the~~
takes me for a walk around the plant.

I look at the hundred different
machines -- from ^{microscopic} optical sensors to
metal-milling ~~the~~ machines. I smile a
little more and look ~~more~~ wonderingly
and admiring somewhat more than I feel.
It's better not to look grim. ~~and~~ ~~even~~ ^{still} the
factory is impressive. Its social utility is
undeniable. Its basic product is a railroad
hot-box sensor system that sells for about
\$30,000, is attached ~~alongside~~ a track and,
as a train passes, spots on a microscopic
quartz chip ^{any} significant change of temperature
of a wheel assembly and transmits a
warning signal to enable the train to be
arrested and the condition, otherwise capable of
damaging the car and even of derailing
the train, to be corrected. A second

product is a direction-finder that reports
to airport control towers the location of
a nearby plane in flight. A third
product is a prototype mobile military
~~the~~ atmospheric station that can ^{describe} the
various ~~at~~ conditions ^{to be met by} projected artillery ^{and}
missile ~~flights~~ shots. Other ~~station~~ ~~products~~
products, specially ordered, are scattered
around the sections of the plant.

The factory, then, is productive, useful,
 well-organized, and gives work to 200 people. That they believe
 in their work, like their working conditions,
 and get along well in their small sections
 of a dozen or so people each are fairly
 evident on a walk-through. (I read later a survey
 psychologist's tabulation of responses to a
 questionnaire on 40 attitudes and see my
 impressions confirmed.) I note that the
~~age of the~~ employees are middle-aged. The
 machine shop, where the organizing effort
 centers, contains a good-looking group
 of men ~~from their forties to~~ from the age
 in their forties, fifties and sixties. No
 wonder, I thought, that the pension issue is
 stressed. They are moving into ~~the~~ age

Where ~~they~~ They must finally confront
Their retirement and what do they have?

They own a small house or rent
half of one. They have a couple of kids who
are moving out and will usually not
contribute to their support. They have a car.

They have perhaps a couple of thousand dollars
in a bank. They have ^{heavy} ~~the~~ taxes to pay,
probably up to 40% of their money income goes
directly and indirectly to taxes. Their social
security will pay them ~~under~~ under \$300 per
month after 65 years of age. They will probably

have to move from their house. If they are lucky they may locate in a small apartment or a ~~small~~ country cottage. ~~But~~ They have major medical insurance now, ~~and~~ ^{and} they will have to continue that, if they can, or go onto a state and federal plan, or into the ^{unstable} free state system. Their car will be a burden but they must keep it. Besides their television set, it is their chief pleasure and is required so long as they ^{reside} ~~are~~ in the sprawling ^{outer} spaces of the metropolis. (And the inner space is a stinking mess of ugliness, dirt on the ground and in the air, noise, lawlessness, ^{crowding,} and high costs). The general social atmosphere of the country is poor and that increases their insecurity, too.

They have lived in fair comfort over the years. They've had their car and cottage and small amusements. Their work has

been ~~found~~ relatively pleasant, given that
they have long ago reconciled themselves to
working their lives out on the same kind
of tasks, ~~year~~^{day}-in and ~~year~~^{day}-out, by the
hours, with ^{weekends and} a few days a year ~~and~~ off.

They are the upper-class workers. They have
had the best that the old American system
has afforded to ~~the~~ the productive
work~~ers~~. And, marvellously, They ask little.

They want to retire on an extra \$1200 a year over the \$3000 they get from the Federal government. They want ~~a~~ wages that compare well with the wages of the area.

(I find that they ~~that~~ are paid somewhat less.) This would mean ~~\$8 per week~~ perhaps \$8 per week on the average, or about \$450 per year.

They also want to be consulted. Their small groups are excellent. The plant as a whole is determined by the outside forces - with which principally Blackstone and his marketing aides deal. The announcement of an acquisition, which H.B. Thought would encourage acceptance and hope under the prevailing system, actually ~~excites~~ excites them, I think, to feel that the resources used to acquire a new product-line might benefit them more directly through a pension plan and wage increases.

ON HUMAN RELATIONS
AND LABOR RELATIONS
AT SERVO-CORPORATION

FEB. 24, 1972

①

disfused, since
we had our
consultation,

Dear Mr. Blackstone:

In our ~~meeting~~, I've asked you and
~~other~~ ~~the~~ ~~conversations~~ with you, and
~~some~~ ~~notes~~ and ~~then~~
again with Mr. Emmerich & Mr. Kessler
I put ~~my~~ ~~notes~~ together and ~~filled~~
them in with other recollections so that
I could get a clear picture of what you
are thinking and where you stand. ~~Even though it's just a~~
am putting ~~the information~~ ~~into a~~ ~~question and answer form.~~
afterwards, I'm presenting a sharply focused, ~~manuscript~~ ~~which is~~
~~clear as my own mind.~~

Q. What's ~~the~~ ~~competition~~ ~~for~~ ~~Servo's~~ ~~like?~~

A. ~~Big~~ Companies, both ~~over~~ US and foreign.
Mostly We're beginning to move overseas, which
do some work on almost ~~competition affect~~ a non-competitive basis.

Q. How does ~~that~~ ~~your~~ ~~pricing?~~

A. Our prices are generally higher but
we make high quality products and

a lot of
I guess
am
back of
for the
question
Don, Green
asked the
based upon
these
answers.
Begin

everybody knows it.

Q. Do higher prices mean higher profits?

A. ~~Sometimes~~ ^{Sometimes} they could ~~structure~~. But we put more into the product and we have a narrower line of products so that we have ^{sharper} ups and downs than the competing ~~business~~ ^{divisions} of the larger companies.

Q. What are you doing about that?

A. Making an acquisition of a comparable product. Paying for it out of ^{our} ~~the~~ accumulated surplus to keep out of ~~the company~~.

Q. Have the stockholders been
on your back. (2)
A. Yes they have.

The hands of the bankers

Q. How much of your surplus has gone
into dividends?

A. Very little. Our stock has been
low-priced because of this fact, and
because of a couple of hard years. And
of course the whole stock market took a beating.

Q. Is that the reason why the fabulous
profit-sharing plan I've been reading
about isn't working?

A. Partly yes -- But the Plan is not
a good one. It once looked good because
~~there~~ our stock ^{was} going up. But this
is no ^{substitute} ~~basis~~ for a ^{true} pension or profit-
sharing plan.

Q. Why didn't you get up a new plan?

A. Had it in mind. But no pressure
on that, and a lot of pressure on other

Q. How
many people
have retired
from the
company in

Things -

Q. ~~How~~ much time do you spend ~~on~~
on the road drumming up business?

A. A lot, some of it is public relations,
some straight selling & lately I've
been ~~heavily~~ engaged in the acquisition
of KARTRAK which I have great hopes for.

Q. I gather that just when you were
on top of this achievement you got
hit by the union artillery. It must
have hurt.

the last
decade.
A. I can't
say exactly.
Very few
But now we're
all getting
together. So
we have to be
concerned
about it.

A. It did.

(3)

Q. When you got word of the Union
more ^{how} did you react?

A. I didn't. I was too busy outside.

Q. Don't you have any people, like an industrial relations or some kind of employee council?

A. No. We lost our personnel director a year ago & then made do with ~~very~~ inexperienced personnel ~~weak service~~ in this field.

Q. What made you feel that you could do this?

A. I don't know. My eyes were on another target. No question my feel for the shop was slipping.

Q. Is it fair to say that you were sacrificing stockholders and employees in the short-term in order to ^{set} capital ~~and~~ and growth for the company?

A. Yes. But remember that in the long-run everybody is benefitting.

Q. I remember. But you say that you did not consult with or explain your long-term strategy to the ~~the~~ people in the shop.

A. It is true that at the same time I was asking sacrifices of everybody, I was not even closely in communication with them.

Q. Nor were you filling in the gap ^{by} ~~of~~
~~promoting or bringing in~~ organizing the people
in the plant to discuss and communicate regarding problems of the
community as a whole.

...I've heard this was a one-man company?
~~You have the last word~~
 What's the truth of it?

A. Some truth. However, the ~~employees are~~ ^{employees are} very independent and autonomous. That shows up clearly in the ^{opinion} survey ^{that was recently completed} ~~by an outside expert.~~ ^{Our employees} have tremendous self-respect.

Q. I come back to the grievances --
 persons and so on, lack of appreciation, arbitrary action, ~~and~~ and so on.

A. The trouble there is not a one-man company.
~~It's been a no-man company.~~ No one has done this ~~part~~ part of the job right.

Q. Don't you have a dozen highly-paid executives? ~~(Why is it that generals are never fired?)~~

A. ~~Not so. Have fired a couple.~~ Main problem is no one was dedicated to these ~~first~~ kinds of problems and they ~~didn't~~ ^{didn't} have the imagination to see what was happening and get on to them.

Q. Why is it that generals are never fired?

A. Not so. Have fired a couple. Trouble is we were ~~designing~~ ^{good at} custom-engineering machinery but not good at human custom-engineering.
 Still

~~the people in the plant for
the purpose of discussing
the progress of communication back and
forth.~~

→ ~~A.~~ I think that the human relations in the Plant are very good on the whole.

Q. I agree and will go you one further. After studying the results of Dr. Greenapple's survey of employee feelings, I was most impressed with the ~~solid~~ ^{solid group} structure of the company. It is a rare and good thing, and very noticeable, by the way, ~~the~~ even in a ~~very~~ short visit. ~~to the~~ A lot of things both in the technical and human areas of concern have been outstandingly good.

A. I was hurt by some of the negative findings.

Q. From what we've said so far, you could almost predict what your weak points would be. You know them by heart now, but I'll pick out the ones that hurt:

- Two thirds ~~agree~~ there's ^{much} ~~much~~ ^{much} chances for advancement on the job.
1. ^{Two} ~~Two~~ thirds agree that they're underpaid for the amount of work they do.
 2. Over half disagree that the company makes a real effort to be fair in its treatment of employees.
 3. Over two-thirds disagree that the company is interested in giving ~~all~~ ^{all} the employees all the information it can about matters ~~of~~ which might affect them.
 4. Almost three-fourths ~~think~~ ^{think} that the benefit program doesn't fit the needs of the employees.
 5. Two-thirds agree that some of the policies here don't seem to make much sense.
 6. A majority disagrees that complaints and problems are handled ~~just~~ ^{as} as fair without a union ^{as} with one.

157 31 A
 195 = 89
 83 11
 113 22
 85 17
 200 40
 113 23
 48 19
 184 2
 190 = 3

(5a)

8. Three-fifths ~~agree that~~
Sometimes doubt that management
tells us the truth.

9. Three-fifths disagree that they are
paid fairly in comparison with people
doing the same job at other companies
in the area.

I have to add to these figures, too, the
comment that ~~about~~ many people who did not
voice an opinion may have agreed with these
majority expressions.

~~43 = 22~~
~~92 = 3.8~~
~~12~~
~~12~~
~~160~~
193 | 1130
626 | 1158
1358

Q. Which brings us to the Union. I read the ^{pro-union employees'} ~~union~~ questionnaire, which ~~was~~ set up a check list of what they'd like to get into a future contract ⁱⁿ ~~a~~ ^{month or a} ~~year~~ year or whenever. What do you think of the list of demands? I'll refresh your ~~mind~~ memory:

1. Substantial wage increases.
2. Cost of living ~~allowance~~ ^{ultimate} provision in pay scales.
3. Grievance procedure, with ^{ultimate} arbitration possibility.
4. Realignment of wage scales with skills, where appropriate.
5. Job posting & bidding to give everyone a fair chance of promotion.
6. Pension plan to provide a guaranteed income for retirement after a fixed amount of years of service, provision for early retirement, a uniform formula not tied to social security. (for "holiday purposes")
7. No more plant shut downs without pay unless approved by a majority of employees before it can be executed.
8. Improvement in the benefit program (paid doctor visits, drug and prescription plan, dental program, holidays, improved sick leave & vacations).
9. Bulletin boards for posting union literature.
10. Leave of absence to cover reasonable periods of time without no loss of benefits.

What do you think of these?

A. I agree with every one of them.

Q. Do you want to qualify your statement?

A. I agree with every one of them, but the Union cannot do them as well as the people of the Company as a whole can do them.

Q. What do you mean by that?

A. ~~Only~~ All of the Company employees deserve these benefits. Our aim should

be to ~~have~~ bring them to
 ^ all employees.

Q You are saying this but you know what
 the problem of your saying it is.

A Yes, I know. If our people don't
 believe it, they'll vote in the Union. But
 we are in a bind, because we cannot
~~change~~ introduce these reforms ~~that~~ ^{without being accused of undercutting the union.} during
 the election campaign.

Q. Don't the ~~two~~ ^{also have} are equal to the Union in this regard? It promises ~~benefits~~ ^{benefits} but can't prove that it will bring them or how much of them.

Q. The
Company
~~could not~~
would need
a matter
of months
to fix
these
reforms,
anyhow,
wouldn't
it?

A. Sure-
with or
without
The union,
~~a simple~~
it's a
matter

of
months.
and with
the Union
it's bound
to take
lower &
the
company
with him

to ~~the~~
non-U

A. I also believe that there are additional needs of the employees of Servo-Corp beyond those ~~that~~ indicated in the list. For example, ~~I think~~ I still believe in profit-sharing going beyond pensions and

A. Sure -
with or
without
the union,
~~a simple~~
it's a
matter
of
months.
and with
the union

~~making~~ letting employees be true
owner-workers. I believe in ~~raising~~
level of the
The supervisors meetings to a ~~more~~
all-company. I am certainly in
representative Council ~~and~~ ~~to~~ putting
~~personal~~ ~~cases~~
~~up~~ ~~in~~ ~~the~~ ~~hands~~ ~~of~~
favor of counting past service to the company ⁱⁿ
~~a company of~~ ~~past~~ ~~service~~ ~~to~~ ~~the~~ ~~company~~ ~~in~~ ~~calculating~~ ~~a~~
~~person's~~ ~~union~~ ~~rights~~.

Q. What you are proposing may end up costing The company more than The Union would cost The company. Isn't That so?

A. ~~There~~ There are many factors to consider in cost. The ~~first~~ ^{the} money involved is not the issue. ^{More important} problems are concerning the overall productivity and morale of the company.

Companies are closing down all the time. ~~Who~~ Anybody who believes we are eternal can just look around him. Every dollar goes into a wage or a machine or overhead and selling or paying for the ~~exp~~ investments people have made in us. If we don't take care of ^{all} ~~these~~ ^{of} things, the ~~com~~ company will ~~go~~ ~~down~~ decline.

Q. Doesn't the Union know this too?

A. Yes. But ~~what~~ the Union has to be an

~~special~~ agent for one group of people
only. If you add up all the people
inside and outside the company, there
are a great ~~many~~^{majority} who are not, cannot,
and should not seek their welfare

through a union. Unions are often
good things. The Union in this case
~~was not~~ cannot be accused of
exaggeration and distortion, maybe, but
it ~~is~~ cannot be charged with dishonesty
or corruption. My point is that
Servo-Corp ~~is~~ does not fit

the pattern of a shop where the Union can do ~~so~~ much good.

Q. Why is that?

A. Our company makes ^{custom-engineered} ~~highly individualized~~ products, ^{every worker has to assume} ~~which depend upon~~ very personal responsibilities. ~~of a couple of people being assumed by every worker.~~ We depend ~~very~~ heavily upon creativity and personal initiative in our work. ~~The~~ The supervisors have a lot of leeway and the opinions of the employees show that they respect the need for this flexibility and independence.

Q. ~~But~~ Why wouldn't unions be sensitive to this kind of need? They're not out to hurt

their own membership.

A. No, they are not. ~~But they can't help~~
~~that~~ it. They are welfare institutions. They have to
look at benefits from a ~~very~~ narrow viewpoint.
If we think a man should be moved into a
delicate ~~of~~ position because of some very intangible
qualities like being ^{extremely} careful and making some
little changes ^{but important changes} that ~~we~~ take certain skills and
imagination. ~~That's something~~ but they are ~~not~~
~~pressing~~ pressing other matters like
hiring somebody who has been laid off in
another part of our operations,
well. Then we will have trouble and everybody is
going to lose a lot of time and the problem ~~won't be~~ ^{solved well}.

Q. Do the men and women of your company know
what you ^{views about} ~~are in agreement with~~ the reforms in
benefits, ~~that~~ as you have put them to me?

A. ~~No~~. I don't know. I guess not.

Q. Don't you have a company news bulletin or
newspaper?

A. No. We used to, ~~but~~ until several years ago.

Furthermore,
the supervisors
will have to
spend more
time in
dealing
with union
stewards,
and filling
out papers,
and so on.

Q. What happened to it?

A. The ~~poor~~ woman who put it out left, I think, and it just stopped. Maybe we should ~~begin~~ recommence the practice.

Q I've read ~~just after what several of our~~
~~company employees~~ some very critical remarks
 about your closing down for several days during
 the last holiday season.

A. We were so pressed to make a ~~few~~ ^{record}
~~after~~ ^{after} surviving during our bad years, we
 went right on without thinking.

Q I read your letter to the employees announcing the three-day lay-off. I suggest you take a look at it again.

A. I have. It's bad.

Q. Is there any way of handling it?

A. The lesson sank in. Maybe there is. The rule of the day is that the ~~government~~^{law} says: no threats, no coercion and no promises. There is no question of threats or coercion, I don't think we have that kind of management. I'm sorry ~~we~~^{we} can't make promises, though. I'd like to show, point by point, what we could do, as opposed to any outside force. And we could do it for everyone, not just for a part of the working force.

Q. Do you think that the part of the working force that might become unionized ~~has~~

more grievances

~~more of~~ Than The employees as a whole?
~~That's hard to say.~~

A. ~~1~~ ~~1~~ What I've said about mistakes and promises, and Communication, holds for everybody. In fact, I think that the way in which people are defined as being "in" or "out" of union jurisdiction is very artificial in terms of the real human organization of the company and the real needs of all the employees.

Q ~~Do you see yourself as being able to take~~ ^{Will you be able} on this new drive for ~~of better~~ ~~all-around human relations~~ personally?

A. I would say "yes" because in a few

weeks ~~we are going~~ my outside involvement
will diminish, but I think it would be
a mistake for me to ever to plunge back into
the shop like I used to do years ago. We
are going to ^{and upon working} have good men on personnel problems.
~~we have a couple now?~~ I think
Also that the message is loud and clear. ~~that~~
more channels of communication ~~from~~
and participation, more consultation, and
more promotion opportunities have to
be made available.

Q ~~Have you heard that?~~
You've heard the argument that having
a union is like ~~having~~ taking out insurance.
Granted that you have some ^{good} plans in mind

and granted that ~~you think~~ a lot is going to happen, what harm is there in having a union around just in case things don't happen this way?

A. Insurance costs money. The employees who belong to the union will pay something for their insurance for the rest of their lives... But even if the ^{idea of insurance} ~~agreement~~ were ~~accepted~~ ^{valid}, they do ~~not~~ not have to pay this insurance for the simple reason that if, in one year, their ~~present~~ situation ^{does} not change for the better they ~~could~~ ^{can} call another election and bring in the union.

Q Are you asking to be put on probation?

A. ~~No~~ I guess you can say I am. I am saying "Save your insurance. If you ~~don't~~ don't see things improving, you can always call in the union. The U.S. government is the real insurer; it is always ready to guarantee the right to bring in the union."

Q. A year may ~~be~~ too long for some people. They might be bettering ~~themselves~~ ^{and could lose benefits of Social Security} or a wage increase. Some old-timers might lose their pension possibilities. Some might get laid off.

A. There are very few people in this category. I'd have to see how many are going to retire. You know we don't forcibly retire people like some union contracts call for. Regarding lay-offs, nobody will be laid off or can be legally laid off because of

~~There's~~ asking for a union or trying to get
There to organize a union.

Q How about getting their wage increase?

A. The Union says they'll get one. Management
says they'll get one. ~~there's~~ So there's
no dispute there. But how much of an
increase and who gets it, and how

Bond paper / orig + 3 carbons /
of everything
→ legalize except for letter

26 February 1972

Henry Blackstone, President
~~President~~

Servo Corporation of America

111 New South Road

Hicksville, N.Y. 11802

Dear Mr. Blackstone:

↑
In ~~the~~ The course of our consultation,
I have asked you and Mr. Emmerich and Mr.
Kessler ~~many~~ ^{many} questions. ~~I guess~~ (This ^{is} ~~is~~ ^{the equivalent, I guess, to} ~~back at you~~ the 44 questions that Dr.
Greenagle asked the employees.) I put
together my notes and ~~filled them in with~~ ^{added}
other observations and recollections, so that I
could have a clear picture of what you
are thinking and where you stand. I put
it all in the form of an interview with
questions and answers, even though it's
not a verbatim record. Copies are attached
^{I think that you may gain something from the form that I}
for your possible personal interest. ~~without~~ ^{employed.}

~~Accompanying this letter~~
come up with finally is my ~~brief~~ report
on the issues, problems, and recommendations
in the present labor relations dispute. ^{I think} is appended hereto. I thank you for
your courtesy during my work and hope that it
will be helpful to you. Sincerely yours,

Alfred de Grazia

~~Alfred De Grazia~~
New York City

28 February 1972

To: Servo Corporation of America
~~Serv~~ 111 New South Road
Hicksville, New York

In Re: Issues, Problems, and Recommendations
concerning ~~the proposed~~ prospective ~~displacement~~
election for employee representation by the IUE
(AFL-CIO).

~~1. An election~~

~~I. IVE~~

will occur shortly

1. An election, to determine whether IVE will represent about 43% of Servo employees. Will IVE win the election? The answer is ^{date} ~~that~~ of ^{large members of} ~~the~~ ^{top} ~~the~~ ^{all-employee} ~~the~~ ^{management} and a scrutiny of results of any survey conducted by an outside expert are the basis for this answer.

99 ~~the~~ ^{statement} "Most employees feel complaints and problems are handled just as fair ~~without~~ a union as with one," 44 employees agreed with the statement, 48 evidenced no opinion, and 103 disagreed. Since the poll was ~~weighted~~ ^{biased} ~~against~~ ^{statistically} against the pro-union part of the employee population, this indicates a probable heavy pro-union vote of 2-1 ~~the~~ ^{among those who} will vote. (This estimate is ~~make~~ ^{deliberately} without consultation with Dr. Greenapple who conducted the study and therefore without knowledge of other parameters that Dr. Greenapple is aware of.)

2. Can this probable election result be reversed during the election campaign? The answer is probably no. A heavy majority of this kind

c. This "reversal" seems simple only if ~~one~~ ^{one tends to} gives way to wishful thinking, as follows:

1) ~~for~~ ^{one} believe that ^{some} people didn't realize what they were doing when they signed cards or ~~gave~~ ^{gave} ~~the~~ ^{a pro-union} answer on the poll. This is doubtful. The ^{union} campaign had been on for some weeks and the fact some surprise was continuously expressed by management does not mean that the workers were ~~not~~ unprepared with unsolid opinions.

2) ~~for~~ ^{one tends to} believe that the issues involved are "incidental" "accidental" or not important in the light of the "total company picture," that they are "transient." Not so ^{to} the workers

is rarely reversible in a campaign of any duration and intensity. I have not been ~~able~~ ^{asked} (and probably it is not possible) to discuss their positions with employees concerned, but the logic of ~~the~~ ^{my} answer is as follows:

a. Assume the 86 persons involved break as follows ^{today} on a "Yes - no - abstention" vote for IVE representation:

<u>Yes</u>	<u>No</u>	<u>Abstain</u> about	<u>Total</u>
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(This is more favourable and less likely than the 2 to 1 estimate in #1)

b. To reverse this condition, the company would have to ~~gain~~ turn ¹⁰ ^{'yes'} votes into 10 'no' votes and ~~lose~~ ^{set} 1 out of 6 abstentions to cast a 'no' vote. This would give:

<u>Yes</u>	<u>No</u>	<u>Abstain</u>	<u>Total</u>
40	41	5	86

directly involved, these are probably among the biggest issues of their lives. They do not see them as "small issues" or passing issues.

3) One tends to believe that the management has given everybody such a good company to work for that ~~only~~ ^{merely} a ~~small~~ ^{little} persuasion, some ~~a few~~ leaflets, ^{and} a few behind-the-scenes talks will ~~do the job~~ about spoiling the company for a couple of grievances will turn some votes around. Not so. The more the pressure the more the company will confirm that ~~something~~ ^{really} these little matters are very important indeed. Furthermore, the people who need to be swung over ~~that~~ ^{are} morally outraged ~~that the~~ that this "good company" can treat its employees so ~~badly~~ in some ways.

~~Background~~ Background

d. Trends are not favorable to reversal.

1) The ~~proposed~~ prospective acquisition, looked upon as a benefit by top management, is ~~probably~~ looked upon as a threat by the workers involved in P's election. It drains

company resources that could be used to ^{it brings in new workers to compete with them} pay raises and give pensions. Any "pluses" are very remote.

4

- 2) The favorable 1971 report, due to be published, ^{the subject of} ~~it~~ is already ~~rumored~~ ~~that~~, and the workers know that "now is the time to strike."

3) Inflation has not halted.

4) New projects are on the boards.
This, like 1) and 2) above, are ~~more~~ more "proof" that the company has to be generous now.

5) The country is generally continuing on a "moral downturn" in which "taking care of one's ^{own}" has greater pull.

c. ^{most} ~~The~~ people involved in the voting do not for one moment believe, as perhaps some anti-union ~~stoppers~~ advocates may like to think, that they are hurting the non-union people of the company. On the contrary, they are ~~likely~~ ^{probably} being encouraged by ^{some of the} ~~the~~ non-union people to believe that, once the union gets in, pay and benefits will have to be increased for ~~the~~ all employees.

d. Apparently, the local IVE is honest and its agents intelligent and "nice guys". Costs of union ~~membership~~ ^{membership} begin after benefits begin. Therefore, attacking the opposition ~~at~~ at what sometimes is its most ^{sensitive} ~~difficult~~ points will not work.

e. There is a trend around the country for the unionization of professional and ~~semi~~ semi-professional employees.

If it were possible,
 h. g. 1. To reverse ~~of~~ the "Hypothetical" "Eleven
 Votes" would entail heavy costs, ~~and~~ hastily
 planned commitments, and
 possible negative long-run effects.

~~These~~ (These are outlined in section 4
 below.) ~~XXXXXXXXXX~~

It is important to
 stress that ~~there is~~ no cost ^{factor} ~~exists~~
 That at some point is sure to ~~bring~~
~~the line of~~ ^{opinion} reversal. At
 least there is none that is within range
 of usable techniques; ~~heavy bribes~~ physical coercion,
 brainwashing, etc. are ~~not~~ ^{illegal and immoral} ~~permissible~~
~~assumptions~~.

i. h. There is the problem that the tactics used to
 h. ~~if the desired reversal of opinion~~

reverse votes will backfire by reversing favorable votes or
 bringing into action ^{unfavorable} ~~unfavorable~~ ^{obstacles} ~~obstacles~~.
 j. i. ~~if~~ if a majority against union representation
 were to be obtained, in the election,
 it would be owing to 3 factors.

(b.)

- What is trying to probable "Yes" vote?
3. ~~the~~ the cost of reversing the ~~will~~
- I have indicated what I believe are the difficulties.
- a. Since ~~all~~ ^{the} tactics used to reverse sentiments ^(of opponents) and confirm the sentiments of supporters are under heavy legal restraints, they are limited in ^{range &} usefulness, and may backfire.

b. Furthermore, whatever promises are made to change the particular opinions of a dozen or so people have to bear the burden of extension not only to all people voting but to the whole work force ~~plant~~ in the future, including the new work force coming in under the ^{planned} acquisition.

c. The ^{usable} tactics ~~which include~~ of low cost include:

4. ~~Is this cost worth undertaking?~~

- 1) ~~History~~ Recitation of ^{past} benefits received.
- 2) Demonstration of good will and credibility of management.
- 3) ~~Exposure~~ Exposition of unfavorable personal consequences of union affiliation, ~~and~~ ^{union} activities, and procedures.
- 4) Denunciation of ^{offensive} unionizing tactics (But ^{be sure it is offensive to the people who will vote.})
- 5) ^{Asserting} ~~Showing~~ That unionization will take power and work-employment away from "good" "well-liked" people. ^{Life will be harder for supervisors: keeping, writing reports, etc.}
- 6) Asking to be put "on probation" for ^{nine months or so.}

These tactics are low-cost because a single ^{full-time} ~~supervisor~~ ~~tested~~ writer, supplied with an abundance of information from a full-time industrial sociologist and ^{with access to management and as many persons as possible} can do the job fairly well.

No ~~promises~~ are made that would be very expensive to fulfill.

Labor lawyers ^{would} ~~be~~ be kept at low profile.
~~and the lawyers~~

d. The usable tactics of high cost include:

- 1) Full interposition of legal obstacles to ^{union} organization at every turn of the road.
- 2) High ^{legal, individual and group} risk persuasion involving concrete assurances and promises contingent upon non-union shop.
- 3) High cost promises that must be carried out ~~whether~~ whether or not the union wins the election. This includes assurances of substantial pay raises, pension plans, and so forth.

e. ~~It should~~

If ^{any of} the high cost promises of (23) above are ready to be extended anyway, in any event, then they should be grouped under low cost tactics.

4. What is the gain from reversing the "yes" votes?
That is, what is the cost of unionism likely to be?

If Union ^{wins}

a. Low-Cost:
(80% Union Probability)

a1 Immediate
a2 Short-run

Raises (Union)
Raises (General)

Staff increases to handle industrial relations.
Production morale unchanged.

a3 Long-run

↓ Different kind of shop relations
↓ Bureaucratization of decisions
↓ Production morale steady
↓ Creativity has to be specially provided or imported

b. High Cost
(65% Union Probability)

b1 Immediate - heavier outlays

More diversion of energies.
Unpleasant incidents more likely.

b2 Short-run - Same as low-cost but higher possibility of strike.
Lower production morale

b3 Long-run repeat (same as a3)

If Non-Union ^{wins}

a. Low-cost

a1 Immediate: (as stated).

a2 Short-run

Raises (general & benefits but lower)
Production morale improved.

Staff increases to handle human relations better.

a3 Long-run

✓ Possible change for better in general relation of plant community
✓ Production morale up.
✓ Creativity present & possibly greater.
Possible Unionization drive renewed.

b1 Immediate - heavier outlays

More diversion of energies
Unpleasant incidents more likely

b2 Short-run -

Higher general raises & benefits

Lower production morale
Probable Unionization drive renewed
Probable unionization drive

b3 Long-run

repeat (same as a3 but less of each condition)
except for union drive

5. Recommendations. If the winning of the electron ~~now~~ is as difficult as it now appears to be, and if the costs of increasing ~~the~~ the chances of winning from 20% to 35% are as heavy as they appear^{to be}, and if the consequences of winning are generally as they are portrayed to be in (4) above, then it is recommended that the

Campaign against unionization be ~~to~~
conducted by tactics and with arguments
that are low-cost, less controversial, and
less loaded with promises for the future.
Some of the low-cost tactics are listed in (3c) above. Other
examples of preferable ~~tact~~ campaign
tactics, ~~as the~~ according to this theory, are
the following:

1. Publish ^{two} "Report ^{the} distinguishing
Credibility, Mistakes, and Neglect" ^{three terms}
a. ~~Admitting~~ mistakes even where there are ~~R~~ sides to the argument.
b. Declare company policy ^{whatever the election results} to do nothing for ~~non~~ union-
employees it will not do also for non-union ones.
c. Resume publication ^(under proper guidelines) of ~~servo~~ news staying
completely off the union issue & throwing it open
to ~~completely~~ free ~~press~~ ~~editorial~~ contributions of any kind.
~~2. If legally permissible, let anybody put anything at~~
~~all that they please on the union issue in the~~
~~company representative All-company Assembly~~
~~3. Setting up ~~representative~~ of employees~~ (excluding employees
presently under NLRB
jurisdiction until they
make their own determination)
f. ~~If (2) is legally and practically possible, place Assembly~~
~~under temporary chairman (from outside) and let them~~
~~to begin drawing up a "working charter" of matters~~
~~they consider within their scope and jurisdiction (These will~~
~~be matters indicated as "sore points" in the Opinion Survey.)~~
g. Give favorable report (from standpoint of employees) on
method and effects of assimilating KATRAK acquisition.
d. Publish ~~the~~ reorganization of company for human relations
management.

- h
g. Keep all company pronouncements at a cool, subdued level. Avoid any indications of hysteria, deep concern and gloomy forebodings.
- i. A. Lean over backwards to avoid accusations ~~that~~ that Management is fingering people, ~~itching to call the~~ ~~hissing up~~ police, interpreting strictly the law on solicitation, ^{or} doing everything possible to keep people [^] from hearing or reading the Union side.

Alfred de Gvaria
New York City

Account of a Consultation on Labor

The heavy need for a
small house & a car.

-- border ill for world. There
are expensive & wasteful standards.

What would happen
if oil were limited
for cars, & lands
limited for homes?

But life would be "unbearable"
w/o them. Insecurity,
remoteness, supply, set to
other places fast.

August 1958

Re "profit motive" as unworthy:

Free enterprise cannot be ultimately justified by the profit motive no more than socialism by the absence of profit motive, if only because free enterprise goes on often w/ very little of the profit motive & there can be quite a lot of profit motive in a socialist agency.

Free enterprise gets its justification

- positively, out of creative individuality

- negatively, out of pluralist defense vs. the total state.

Actually the profit motive is need to counterbalance the terrors ~~of~~ initiative, competition, struggle for survival in marketplace. Free enterprise is too tough for men unless profits are possible, or let us say, some extraordinary bonus or compensation.