

*By Martin E. Herz*

Pensions have never been more important to working people than they are today, on the cusp of massive baby boomer retirements. But the availability and security of retirement benefits are increasingly being called into question. Less than half of older households now have anyone with a private pension, down from two-thirds of older households in 1983. And the widespread corporate penchant for risky investments and creative accounting in the 1990s has left employee pensions underfunded by some \$300 billion. The Pension Security Act, backed by large corporate interests and much of the U.S. Congress, would give business firms the ability to exclude lower-paid workers from pension benefits that are still given to the highest-paid executives. Concern over the solvency of private pensions has been heightened by the proposal of President George W. Bush and others to privatize Social Security, thereby increasing its vulnerability to stock market fluctuations.

Current debates over proposed changes in the country's retirement benefit structure too often lack adequate understanding of the forces that shaped today's system. This paper explores the development of pathbreaking pension innovations in New York.<sup>1</sup> It focuses, in particular, on the central contributions of Harry Van Arsdale, Jr., legendary leader of New York City's main electricians' union and long-time president of the City's Central Labor Council. He was able to successfully coordinate management and union efforts in the 1940s to attain a multi-employer pension plan in the NYC electrical industry. These pension agreements allowed for increased plant productivity as well as a pension



exactly as Van Arsdale had desired—get “more” for both sides. The JEC was essentially “a streamlining of the employment process that would give his membership more security and at the same time improve hiring procedures and efficiency for management.”<sup>9</sup> Five union representatives and five NECA representatives comprised the JEC. According to Gene Ruffini’s recent Van Arsdale biography, the five paramount objectives of the committee were to:<sup>10</sup>

1. Administer all collective bargaining agreements;
2. Create surveys and studies of the electrical industry;
3. Take care of arbitration disputes;
4. Operate pension plans, and;
5. Study apprentice system and classification of employees.

Workweeks were adjusted by an agreed formula and an employment rotation plan involving the amount of jobs needed for a particular company and the number of workers unemployed at the time. This adjustment was key for management because it made information more accessible and gave labor the chance to obtain a better fit in its employment desires. Necessary changes to accommodate the industry’s fluctuating supply and demand were essentially being carried out. Beyond getting to stable ground on unemployment ebbs and flows, the JEC’s operation of pension plans would later come to full fruition with the establishment of the Joint Industry Board (JIB).

The JEC was originally called the Joint Employment Referral Service and was vested with the objective to end on-the-job hiring practices that were heavily tainted with nepotism.<sup>11</sup> Each side had incentive to end such procedures due to the mass unemployment that was occurring in the electrical industry, and the need for skilled, efficient labor to prepare for wartime productivity. Van Arsdale did not just want there to be cooperation on paper. He personally enforced such practices and publicly denounced employee loafing, free-riding, and goldbricking, pr

## **Winning Public Support**

Armed with “the finest pension plan there was in the world,”<sup>17</sup> Harry Van Arsdale, Jr. and Local 3 were ready to tap into the powerful, cooperative ideal of industrial relations that was embodied by the Joint Industry Board. Without strong leadership from *bo* represented sides of the JIB and public support for

The JIB was cited as a national example on the floor of the U.S. Congress in the 1950's by the senior New York Representative, Emanuel Celler. He described the JIB's three crucial aims as: first, to find ways and means to expand harmony between management and labor; second, to work out plans for increasing the services of electrical contractors to the public; and third, to develop new tools and methods of installation to increase production and cut costs. In Celler's view:

"The public is inclined to attribute all the wrongs of labor and management relations to organized labor...a publicized investigation often obscures the vast amount of good things that go on as a matter of routine day by day and which are the product of enlightened work of progressive union labor leaders and their counterparts in management...Labor wanted employment opportunities, job security, and a measure of security in old age and in event of disaster. Management sought a high level of production, responsibility in its dealings with labor, and all of those conditions that make it possible to produce to the satisfaction of the public."<sup>27</sup>

Why was all of this praise so significant for the survival of the JIB? Popular support gave the JIB trustees from both sides of industrial relations a strong and visible vote of confidence in their novel system. Most local as well as state government officials appear to have been convinced of the commitment of both union and employers to a cooperative relationship.

### **Roadblocks to Success**

Utilizing the JIB as vehicle for pension gains and broader social investments did not come without challenges. Van Arsdale and Local 3 sparred internally with the national IBEW and the AFL-CIO's Building and Construction Trades Department and also faced financial difficulties and employer dissent during the joint-negotiations.

Although the outcomes of the 1941 pension plan were unparalleled in any other sector of industry, the Building and Construction Trades Department of New York (a state AFL-CIO body with which the IBEW was affiliated) was not in favor of the joint activities that were taking place. President John P. Coyne of the New York Building Trades Council (a coalition of construction unions, including IBEW) believed that the creation of the JEC would be more detrimental than beneficial to the labor movement.<sup>28</sup>

Fortunately, at the time of Coyne's dissent, Harry Van Arsdale was acting Vice President of the Building Trades Council and skillfully persuaded the membership to accept the terms and responsibilities of the JEC. In spite of opposition that could have ruined the course of joint labor-management's future in the electrical industry, the JEC was established.

Along with the Building Trades Council, the national IBEW under the leadership of President Daniel Tracy was against several Local 3 Joint Pension Committee gains in the 1940's and 1950's. Tracy and the top international brass believed that the creation of such a comprehensive plan on a local level as contrasted to the less-intricate, broad IBEW plan made the union appear to be disjointed.

By the year 1950, the national pension plan only offered 1% of payrolls to the National Electrical Benevolence Fund, while collective bargaining on the Local 3 level was continuously growing.<sup>29</sup> Tracy believed that this difference gave the IBEW's negotiating stance appear meek, and he also told Van Arsdale that the way the Joint Pension Committee carried out its policies could be destructive for employees. Tracy stated that an "unexpected change in local employment conditions can destroy the security of a local plan."<sup>30</sup>

The issue of vesting in the Local 3 pension plan also stirred opposition from IBEW President Tracy. Vesting occurs when funds are "extended to include the right of an employee to a



Housing was not the only social investment Van Arsdale and the JIB had in store for workers. In the same year as the decision to fund Electchester was made, 1949, the Pension Committee appropriated more funds for the creation of a “critical thinking and learning

center.”<sup>43</sup> Originally planned as a Convalescent Home for sick employees to stay for two to four weeks following a hospital stay, the idea had good intentions but just did not pan out. Harry Fischbach, a principal Electchester architect, recalled that many wives would not allow their husbands to stay away from home for long periods of time, and so the Home was transformed into an educational institution.

Bayberry Land, Local 3’s newly created education center sat on a 314 acre estate located in Peconic Bay, Long Island. The facility consisted of a thirty-two room house that cost \$140,000. Education would take on an appropriate and significant tone—employees would learn new, cutting edge techniques in their industries and the history and structure of labor-management relations.<sup>44</sup>

Pension Committee did much more than just administer and bolster a sturdy private pension plan. Its investment in the social and recreational welfare of IBEW members and their communities was just as important as the financial security that was made available.

### **Van Arsdale's Legacy: Recent Pension Gains**

The Employee Retirement Income Security Act (ERISA) enacted in September 2, 1974 was the greatest overhaul of the government's procedure for the protection of retired employees.



retired employees of the electrical industry grew into a body responsible for much more than just financial bookkeeping. In addition to surmounting intra-organizational challenges and financial and employer road blocks, Van Arsdale and the Pension Committee devoted a large portion of their energy to making social community investments. And the many investments in workers' day-to-day welfare, their families' health care, and educational and housing opportunities snowballed.

Today, the electrical industry enjoys one of the most comprehensive rosters of benefits seen anywhere, as well as a viable, cooperative vehicle composed of representatives from management and labor. That vehicle continues to be a true testament, not only to the potential gains that workers may achieve, but also to the benefits to employers from improved employee retention, morale, and productivity.

Working people today are increasingly confronted by a crucial question: can they protect hard-won pension protections at a time when the fraction of employees with union representation has dropped nationwide to barely 13%? Future research needs to explore this and a number of related questions, including: How can international unions within the 'global village' attempt to standardize benefit schemes and at the same time cope with free trade agreements? Is it still possible to reverse the decline of American unionism and thereby strengthen employees' retirement security? And is there still a future for joint labor-management cooperation in efforts to improve both productivity and workers' living standards?

-----  
**Chronology**<sup>55</sup>

<sup>22</sup> “Lubin Hails Fund of Electrical Union.” *New York Times* (1/13/55): 23.

<sup>23</sup> Moscow, Warren. History of Local Union No. 3.

<sup>24</sup> Stuart, W.T. Letter to A. Lincoln Bush. (3/29/48).

<sup>25</sup> Joint Labor-Management Committee.