

The Hard Core in The Private Sector

by Nick Thimmesch

Like the “proles” in George Orwell’s 1984, America’s unorganized and mute legions of “hard-core unemployed” refuse to be packaged and placed. Since their discovery several years ago as one of our industrial democracy’s principal shames, the hard-core have defied the wizards at the U.S. Department of Labor as well as the politicians and labor leaders who pleaded on their behalf but never came up with workable solutions to their disadvantaged state.

Finally the capitalists, through the organization of the National Alliance of Businessmen in 1968, decided to go after the problem. President Lyndon B. Johnson wrapped a big arm around Henry Ford II and persuaded him to head N.A.B. and put it into action. Today, after one year of trafficking with the hard-core, the N.A.B., in characteristic booster fashion, claims that it has already exceeded its goal of placing 100,000 on the job by June 30, 1969. Fine. But now, as N.A.B. marches into its

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second year, with the baton passed to President Nixon's old friend, Donald Kendall of Pepsi-Cola, the businessmen and their partners at Labor have come to realize that:

- No one knows how many hard-core there are in the U.S. Estimates run from one million on up. While the N.A.B. raised its goal of placements to 614,000 by 1971, it isn't clear whether many of those hired wouldn't have come into jobs on their own.

- There is no formula for training and dealing with the hard-core. Some argue for pre-job training, others for put-them-right-to-work; some favor special attention for the recruit, others belong to the leave-him-alone school. There are arguments for mandatory compensatory education and for let-them-ask-for-it; for using federal money and for good old private enterprise initiative.

- The hard-core person usually becomes a reliable

worker sooner than employers expected. A majority of them showed, in the first year, that they would stay on the job. But absenteeism runs high. People accustomed to drifting can't be expected to change that much.

- There is more good than bad in the program. But will the well-intentioned businessman's current urges for social responsibility and uplift survive a slowdown in the economy and a plentiful supply of labor?

- Many manpower experts across the country are beginning to question the solidity of N.A.B. success statistics.

Smoky Ignition

It is nearly two years since Chairman of the Board James M. Roche of General Motors looked out over Detroit's West Grand Boulevard and watched smoke and fire rise from the neighborhoods below. That summer's violence gave rise to urgent chatter about the role of the "private sector" in meeting the urban challenge. Many companies flailed about trying to hire blacks. But their own institutionalized personnel departments, accustomed to screening people out rather than in, weren't much help. Nor was the plethora of acronymic programs of the Department of Labor. "After being in the hard-core business for five years," said William J. Harris, assistant to the Manpower Administrator at Labor, "we realized we weren't reaching them. Getting them into jobs was one of our poorest experiences."

President Johnson dispatched White House assistant James Gaither to Detroit to ask Ford to muster businessmen in 50 cities to hire, train, and retain—the words later became N.A.B.'s motto—hard-core unemployed who would be referred by anti-poverty and other social agencies. Ford, a political supporter and sometime social companion of Mr. Johnson, agreed to head the new alliance, provided that: there would be an independent policy board; he could pick his own man to run the operation; and the organization would be relatively free of the Labor Department guidelines and definitions which most businessmen consider hogwash. Mr. Johnson looked over the conditions and approved them. The deal was set.

Its official baptism as the National Alliance of Businessmen came in the President's Manpower Message to Congress in January of 1968, as did its acronymic governmental partner, JOBS (for "Job Opportunities in the Business Sector"). Henry II became chairman and J. Paul Austin, president of Coca-

Cola, vice-chairman. Ford reached into his own vice-presidential hierarchy for a persuasive and beguiling man named Leo C. Beebe to serve in N.A.B.'s top operating job as executive vice-chairman. Henry II got on the phone and recruited board members from the nation's executive cream to head N.A.B.'s operations in eight regions. A phone call from Henry has a way of triggering a hundred other this-is-damned-important calls; before long, 12,500 firms had pledged themselves to find jobs for the hard-core. Henry II staffed N.A.B.'s headquarters with Ford men, and the regional chairmen assigned top men from their own companies to run the regional offices.

Somewhere out there lay the "hard-core," whoever and whatever they were. And just as sales executives must meet quotas, so did the N.A.B. officers feel competitive urges to meet their quotas of hard-core hirees, though the quotas were never made public. But the businessmen pretty much ignored the Labor Department's definition of what a "hard core" was—"a poor person who does not have suitable employment" and who is any of the following: (1) a school dropout, (2) minority member, (3) under 22 years of age, (4) over 45, or (5) handicapped. A chart relating family size to income (farm and non-farm) was issued. The firms participating in N.A.B., particularly those which wouldn't sign contracts for Department of Labor training money (MA-3, MA-4), soon learned there were too many ifs, ands, and buts to consider when confronted with real people.

However, some of the essentially cultural barriers that had baffled or excluded hard-core applicants in the past—personnel departments, application forms, checks on police records—pretty much went by the boards. "We learned that maybe what is good for the so-called hard core is also good for all our employees," said George Jacoby, GM's director of personnel relations. "Attitudinal training and concentrating on supervisors became more important than a man's background."

Many executives who got into the hard-core game became fascinated. As their acquaintance with it grew, a lore developed: these fellows never looked for work because they couldn't read bus signs and were terrified of personnel departments; they're turning out much better than we expected, and if they'll take some of the free basic education we're offering, we'll have some damned good workers; yes, they're absent a lot, but that's because they're not used to working. Some executives even began speaking their own version of With-It. Lewis Moore, president of American Oil Company, fancied himself so hip to

the problem of urban blacks, that he justified his firm's involvement with: "We're the cats with the bread."

A profile of the people hired and kept on the job showed that: 73 per cent are Negro, 17 per cent white, eight per cent of Latin origin, and two per cent "other." Seventeen per cent were under 20, 70 per cent between 20 and 40, and 13 per cent over 40—an average age of 29. The average family size was four. The average education was 10th grade. Unemployment in the preceding year averaged 25.4 weeks; family income, \$2,773.

Faces

As more and more were hired, businessmen became reacquainted with the pluralism of American society and the mysteries of human nature. Ex-convicts, including two-time losers; college graduates who never found themselves; drifters named "Dynamite" and "Ding Dong"; unmarried mothers looking for birth-control pills; A.D.C. fathers (they do exist); and men who were called "misfits" until they reached their forties and wanted one more chance—all were recruited, hired, and trained. Most of them stayed on.

Leonard Klishis, 26, is the personnel director of the grimy Cat's Paw heel and sole factory in Baltimore. "You name it and we've had it," he says of the hard-core program at Cat's Paw. "We took in 49 and have 13 left. Some went to jail. Some had disabilities. Some disappeared. We provided a job coach, finances to get started, legal services—the whole bag. We hired a basic education outfit, but trouble developed. There was violence, and one guy got thrown down the stairs. I've seen some strange things. One of our old guys yelled at one of the hard-core trainees and the kid started crying."

At Cat's Paw, a group of 20 hard-core recruits are paid \$11.35 each per day while learning the fine points of heel and sole manufacture in highly dusty circumstances. When they complete the 20 weeks of training, the trainees become regular workers, receiving \$1.88 per hour, plus bonuses for piecework. Most of the newcomers make under \$100 a week.

"That's a lot more than I made as a jumper off a newspaper truck," testified William H. Smith, 23, who has done a little of everything since he quit eighth grade. He came to Cat's Paw from the Job Corps, where he learned some math, reading, and spelling. He showed enough promise to be promoted to mill

operator at \$1.91 per hour. He is one in a family of nine children and now helps support his mother and the three children still at home.

William Johnson, 21, referred to Cat's Paw by the Concentrated Employment program in Baltimore, had been unemployed and living at home with his wife, his six-week-old daughter, and his 75-year-old grandmother. "I quit school in the 10th grade and mainly ran the streets after that," Johnson said. "I got in vandalism trouble. Then I was stockboy in a store. I like this job better. It benefits you. I don't know where I can go from here." Johnson grosses \$90 a week. He hopes to be promoted to a more complicated pressing machine, where he would get \$102.14 a week. His immediate ambition is to buy a car and a better television. When asked if he had ever heard of the term "hard-core unemployed," he said no, then added: "It's better to work than not to work."

Roy Lebon, 20, is one of the few whites in the program at Cat's Paw. He has slicked-back blond hair, is very thin, has a large welt on his left cheek, and seems greatly attached to the Negro supervisor who coaches him. Lebon's father was in a mental hospital for seven years. His mother, four brothers, and one sister lived for years on welfare. He was 18 when he reached 10th grade, so he quit school. He now remarks about education: "I don't want any part of it, I hate it." He makes \$90 a week before deductions.

Business is Business

"Pure altruism you won't find in business," said Erich Oppenheimer, 47, vice-president of manufacturing at Cat's Paw. "I got us into this program because we wanted to hire people and felt an obligation to upgrade their skills. We needed *them* and they needed *us*. It's going to take 15 to 20 years to reach all the hard-core. Those who think it can be done in one more year are dreaming."

In another part of Baltimore, in a neighborhood where rioting occurred last year, sits a nondescript building with a small sign reading "Baltimore Electronic Associates, Inc." Inside, its black president, Robert L. Douglass, 40, tells how his firm, an expanding business which sub-contracts from Ford and Bendix, got involved with the hard-core.

After last year's riots, he decided to recruit hard-core blacks into his own firm. He has trained 63 such workers

under the Labor Department's \$14.40 a day MA-3 program. He isn't bashful about the federal help because "we need it." Nor is he bashful about saying he is black-oriented. He believes that he moves his black recruits along faster and better than any white could.

Blackness obviously means plenty to the black hard-core unemployed. In South Central Los Angeles, a strapping black man, Fred Brown, 41, once a heavyweight boxing champion of his Navy unit, is the friendly, firm advisor to some rough-and-ready hard-core blacks learning the art of reconditioning cars for the lively West Coast used car market. Brown, who was a Los Angeles County Corrections officer for seven years, says: "For every guy I can keep off welfare and out of the joint—well, it's good for my ego. I had a 27-year-old who had been in the joint nine years and had no real trade. All he knew was how to put a gun in a man's back. He has a wife and a kid and he really wants to make it straight and not go back to the joint. He's going to make \$150 to \$200 a week detailing cars."

Cat's Paw, Robert Douglass, and big Fred Brown tell stories of relatively small operations where problems and results are quickly identified. Much of the statistical story of N.A.B's first year, however, was recorded in such large corporations as Detroit's Big Three.

The Big Three

Not for nothing is Detroit known as Motown; it is obsessed with automobiles. Competition in that industry, and with the United Auto Workers as well, is refreshingly fierce.

Soon after the 1967 summer riots, the Ford Motor Company broke precedent by going into the inner-city area to hire hard-core unemployed. Applicants crowded the two employment centers that the company established there. If the National Alliance of Businessmen had an identifiable genesis, it was in Ford's action then and in the events that followed.

Henry II ordered that written tests be suspended, that medical exams be given on the spot, and that prison records not necessarily be a bar to employment. Instead of being sent home to await word, applicants were hired at the centers. If they were broke, they received free bus tickets to get to the job and \$5 a week for lunch money until their first paycheck. In its heavy-shouldered way, Ford moved fast. The company hired

more than 5,600 employees at its inner-city offices and another 8,000 ghetto residents—hard-core and soft—at Ford's regular offices.

Lawrence J. Washington, 55, a New Orleans-born Negro, is the labor-relations staff man at Ford with primary responsibility for shepherding the hard-core into their jobs. "They know nothing of alphabets or agencies," he says of his charges. "They know there's jobs somewhere, but they feel they can't get at 'em, and they're afraid of tests. Once they're hired, we use the advisor system. Full-time father confessors. They stick with them through this and that. All except one is a Negro. I'm encouraged by what we've done here. It isn't all good, but it's mostly good. We have a lot of absenteeism. Our retention rate is 56 per cent."

Chrysler is Detroit's biggest employer and, after the riots hit the city, Chairman of the Board Lynn A. Townsend decided that hiring the hard-core was fine but that broad education and training for ghetto people should also be part of the picture. At the moment, Chrysler is training its new hard-core employees through four government programs, the most interesting of which is the "vestibule" program. "Vestibule" training is a sort of 12-week dry run: trainees take math and communications-skills courses, learn how to punch a time clock and use plant facilities, and go through simulated work conditions.

General Motors, although not the largest employer in Detroit, is still the largest corporation in the world. It does not countenance nonsense; it prides itself on systematic thinking and efficient organization. GM's approach to the hard-core is characteristically earnest and businesslike. It insists on hiring on its own premises and it still requires all applicants to fill out its standard 47-line application form ("If a man can't do it, we'll help him"). It stresses discipline, indoctrination, and "the rule of reason."

GM may also have the best long-range training program in the auto industry. With 26,621 already hired—more than double its quota—it clearly has the largest. Its retention rate for the hard-core is 60.6 per cent, highest among the Big Three and only 1.3 per cent below its overall retention rate. But critics point out that only 55 per cent of GM's hard-core recruits are black; at Ford and Chrysler, the figure hovers around 80.

The best proof that GM is thinking long-range on the hard-core is its elaborate "New Work Force" program, designed

to change attitudes of the present and future generation of managers. GM decided to "focus on our organization" rather than the "prospective employee" because the "supervisor does, in some measure, determine whether a new employee is going to succeed on the job." Its new management classes will be thoroughly inculcated in the techniques of working with the hard-core New Work Force which GM now sees as inevitable.

The company has little interest in going hand in hand with the government on its hard-core programs. Louis G. Seaton, GM's vice-president in charge of personnel, makes it clear that GM wants to run its own show. If he is pushed to explain why his huge corporation won't sign contracts with the Department of Labor to provide pre-employment training (at a cost to the government of about \$3,000 per trainee), Seaton finally smiles and says: "Cuz."

The hyper-active conscience of the auto industry is the United Autoworkers Union, whose expert on the hard-core is Jeff Washington, the assistant director of the union's Manpower, Development and Training Department. "These companies are well-intentioned, particularly Ford," he says. "Roche stood up there, saw the fires, and heard the shots. He heard more than that. Chrysler's with it too, now. But business can't do it alone. There should be a total program."

By that, Washington means reliance on Labor Department-funded programs and UAW proposals like "inverted seniority." The union itself has signed a \$2,135,000 contract with Labor to provide on-the-job training for 2,000—including 500 hard-core—and has farmed out much of the work to several major corporations. The "inverted seniority" plan offered to the Ford Motor Company would allow senior employees to receive high supplemental unemployment benefits (95 per cent of their regular pay) during layoffs. This way, argues the union, the newer employees, including the hard-core, would be kept on the job. The auto companies shudder to think about it, but it will come up in the next round of contract talks.

Birthday Party

The N.A.B.'s big day of rhetoric and observance came on March 15, 1969, when it held its second annual conference

in a Washington hotel. If the roof had caved in, the Republic might have been lost, for in the cavernous room were the President of the United States, most of his cabinet, Walter Reuther, and top executives from 500 of the nation's largest corporations. The N.A.B. has clout.

In the working session preceding the heavy-caloried luncheon, 13 speakers bathed the businessmen with rich praise, great challenge, dark warnings, and heartening numbers. Henry Ford II, introduced as the man "who helped us realize that the business of business should also be soul business," recited the record. The goal of placing 100,000 hard-core by July 1, 1969, he said, was well over the top—146,000 had been placed by March 1. Sixty per cent of those hired were still at work. And the free-enterprise approach had triumphed: two out of three placements did not involve government contracts. The one discouraging aspect of the N.A.B. was last summer's program to find jobs for 200,000 disadvantaged young people. It was a flop. N.A.B.'s incoming chairman, Donald Kendall of Pepsi-Cola, told the diners: "...although you and I are good guys, because of the role you have played in the Alliance, that doesn't mean that you were bad guys prior to the formation of the Alliance...." The outgoing executive vice-chairman, Leo Beebe, provided theology and a pep talk.

The N.A.B. was such a sure thing, Beebe said, that a man "would have to be an idiot to fail in this job." He admonished his fellow executives to "keep it simple" and to stick to the Alliance—"go find jobs for these people and do it by the numbers... resist the temptation...to accept any other assignment because you have got in the N.A.B. probably the most valuable franchise at this moment in American business." He decried "fancy new programs" and warned that breaking the hard-core problem starts with a commitment by the top individual in any company. The boss should assign his lieutenant the operating chore and "tell him that his success, not on the civic front but in the company, is dependent totally on his success in seeing that those thousand people get properly placed in the system."

Kendall has installed his lieutenant, Paul Kayser, Pepsi's vice-president of industrial relations, as Beebe's successor. Kayser has already reorganized the N.A.B. Washington staff with an eye to enlargement of N.A.B. from 50 to 125 metropolitan areas. "They started from scratch," says Kayser of his predecessors, "and what they did was monumental. Our job is to make the organization work in a big sense, to get corpora-

tions to start programs in all their branches and local units, to put this into the medium and small towns of America."

The President and Kendall became friends in July, 1959, when Nixon was in Moscow having his kitchen debate with Khrushchev. Kendall, then Pepsi's international vice-president, told Nixon, "I'm dead if I don't get a Pepsi into Khrushchev's hand." Nixon obliged, and Kendall wound up serving Pepsis to the entire Soviet brass, a well-photographed and publicized event. When Nixon came limping into New York in 1963 to practice law after the California disaster, the two men renewed their friendship, and Kendall accompanied Nixon on his forays into the world's trouble spots. Nixon was Pepsi's lawyer. There was plenty of Pepsi aboard the Nixon campaign plane last fall.

Kendall realizes that Henry Ford II is a hard act to follow. "I think we could have a let-down in the second year," Kendall said recently, "but if we appeal to businessmen's competitive instincts, this thing will continue to go and get bigger. It's not really complicated, putting a man in a job. Some people want to complicate the hell out of it."

To show his fellow businessmen that he is a True Believer, Kendall laid it on at the N.A.B. conference. "We continue to be influenced," he said, "by the obsolete, puritan ethic of charity, which believes in the right of the haves to determine how much the have-nots get.... All too often we consider the impoverishment of some as punishment for their past sins. Unfortunately, our present system of welfare perpetuates this myth all too often." And to demonstrate that he understood, Kendall remarked: "Some of my conservative friends think that the N.A.B. is just another group of do-gooders on a sabbatical from the rat race. Some of my liberal friends think it is a group of fat cats running scared, that we are trying to buy off the angry poor. To the skeptics, N.A.B. is often considered a hopeless gesture in a hopeless situation. But fortunately for us, the angry poor have adopted a wait-and-see attitude. We can only change this image by our immediate and forthright action—not pie-in-the-sky promises, but action."

There was an appropriate sprinkling of blacks at the conference; among them were Whitney Young, executive director of the National Urban League; Mayor Richard D. Hatcher, of Gary; and Pearl Bailey.

The angriest remarks came from Hatcher, who lambasted the Administration's ABM proposal and charged that

businessmen wanted it because of defense contracts and fear of a peacetime economy. He said the jobs found by N.A.B. were "pathetically little."

Whitney Young knows how to get to the business folk. He chided them at the lunch for not having two black vice-presidents (as Pepsi does) and lamented how tough it is to be a sane, responsible black leader these days. He did not attack the ABM directly, but he did warn the businessmen that unless there is a comparable expenditure for "the internal threat in this society," the outside enemy will be insignificant. Black people need to see "their shade of sun tan" at the top, he said, so they can aspire.

Preferential treatment is the order of the day, and the businessmen feel glad they have Whitney. Whitney knows them. His feet have padded over the thickest executive rugs in the land. He has been roommate to Henry Ford II on overseas trips. He receives all manner of phone calls from executives who would be disappointed these days if Whitney didn't raise some hell.

As the most celebrated adventure in the recent national effort to locate, hire, train and keep the hard-core of America, N.A.B. can be called a conditional success; a more thorough assessment of its merit is not yet possible. The businessmen not only exceeded their quotas (whatever that means), they learned once more that people are better than most of us are led to believe. Personnel department pecksniffs are diminished for the moment. And even Labor Department bureaucrats are saying that the businessmen made it in the hard-core game where they had failed. Indeed, as William Harris, assistant to the manpower administrator at Labor says: "Now that they're in it, maybe they'll go all the way and find *all* the disadvantaged. At least business has one year's experience in this now."

The optimism must be tentative. There are probably millions of invisible hard-core. Business has only skimmed the cream. A recession could lead many a businessman to backslide into epigrams like "Some people just don't want a job."

There is also the possibility that N.A.B. officials, in their second year, will pay less attention. Henry Ford II dismisses such suspicions of Kendall (some expressed by N.A.B. staff members) and says: "He'll keep it going, if he's given a chance. We've got to keep it out of the political arena." ■

MASSACHUSETTS' OTHER RISING STAR



Mayor Kevin White of Boston

by Christopher Lydon

Christopher Lydon studied Kevin White while covering politics for The Boston Globe. He is now with The New York Times in Washington.