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FUTURE TRENDS IN COLLECTIVE BARGAINING

19 October 1950

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Dr. Carroll E. French, Industrial relations executive, was born in East Greenwich, N. Y., 3 July 1895. He received his B.A. degree from Monmouth College in 1916, and his Ph.D. from Johns Hopkins University in 1922. He was on the Personnel and Industrial Relations Staff of the Standard Oil Company of New Jersey, from 1922-1930; director of Industrial Relations with the Colonial Beacon Oil Company from 1930-1934; Industrial Relations Counselors, Inc. from 1935-1943, and director of Industrial Relations with the Boeing Aircraft Company, from 1944-1945. Since 1946 he has been Director of Industrial Relations with the National Association of Manufacturers.

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FUTURE TRENDS IN COLLECTIVE BARGAINING

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COLONEL VAN WAY: Gentlemen, we have had a good start on the study of our manpower problems in the form of talking about the quantity and quality of our people and some of the problems we have had in housing. We have had discussions also on various problems of control. One field we have not gone into sufficiently as yet is the question of the productivity that we can expect from our industry in the event of either partial or complete mobilization; what sort of effect will the present trends in labor-management activity have upon our future ability to support the economy and to support a major mobilization effort.

Now there are few people that I know of who are better qualified to give a look into the future and to discuss the present status of our industrial relations than our speaker this morning. As the biography which has been given to you has explained, Dr. French is the Director of Industrial Relations in the National Association of Manufacturers.

I take great pleasure in introducing to you this morning Dr. Carroll French who will talk to you about "Future Trends in Collective Bargaining." Dr. French.

DR. FRENCH: Thank you, Colonel. Members of the Class. I very distinctly remember the good time I had a year ago about this time when, with my good friend Jim Carey, we appeared before you and spent a good deal of time listening to Jim discussing the General Electric Company's letter.

I have been asked to discuss this morning the subject of "Future Trends in Collective Bargaining." I don't like to think of myself as a lecturer. I don't know that I have ever given a lecture in my life. I have enjoyed a chance to think out loud and to thrash through some of these problems with groups like yourselves when I know that there will be a chance for a two-way give and take, because in this subject of labor-management relations, particularly under conditions of defense preparation, there is no one man who really can honestly claim that he knows the answers or can see clearly too far ahead.

For the third time since the start of this century, following or as a result of war conditions, we might say that labor is on the march. Those of us who have followed the developments of management-labor relations are impressed with one outstanding fact; namely, that it is only during periods of war or of preparation for war that labor achieves its maximum power, strength, and prestige. There is no mystery as to why that is the case. Manpower becomes more valuable. The attitude

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of manpower, of labor--particularly if it is organized--can drastically affect, for better or for worse, the ability of any nation to wage war, and the labor factor has to be given as careful attention in the estimates of potential strength as natural resources and military strength, because, in this period that we are facing, it is entirely conceivable that actions of labor could paralyze our power to produce. The impact on the economy in terms of the cost of the defense program, in terms of inflation, the effect on the currency, and the wage-price spiral can all be affected vitally by the extent to which the labor movement in this country exercises its power with responsibility or with irresponsibility.

Now I want to trace briefly some of the background that we have to keep in mind in looking at the problem of labor in this period of defense emergency. In the first place, I want to talk about the actual extent and scope of organized labor because the problem of labor in its most critical aspects has to do with labor in organized groups. We are impressed with the enormous growth in their membership and power from the period of 1920, at the end of World War I, when membership in trade-unions was estimated at around 4.5 to 5 million members, largely within the organization of the American Federation of Labor; then at the beginning of World War II, at the start of our preparation for defense in that period before Pearl Harbor, with the CIO organizing the mass production industries, we had a combined membership of 8 to 9 million members. Following World War II, there was a dramatic, amazing, and startling rise in trade-union membership. Today, from the best estimates that we can get, organized labor accounts for about 16 million workers gainfully employed.

Just a look at the distribution: There are about eight million of these in the American Federation of Labor, with an additional 550,000 in the International Association of Machinists. There are in the CIO right wing or the regular group about 5.3 million and the new group or left-wing unions account for between 600,000 and 700,000 additional workers. The United Mine Workers and District 50 together account for a membership of 650,000. Then there is a group of independent unions comprising about 800,000 membership. There are at least five or six important labor groups comprising, as I said, a total of about 16 million gainfully employed workers.

I want to just take a look for a minute at the make-up of what we call the left-wing unions because I think that the left-wing element of organized labor is potentially a greater threat to the war effort in this defense period than in any previous national crisis.

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Now by left-wing union, I mean a union which may be avowedly communistic or it may not be. As we industrialists understand "left wing," it is a union which openly professes to use economic power for purposes other than and beyond the advancement of the welfare of their members in terms of wages, hours, and working conditions. The avowed objectives of a left-wing union are ultimately to take over and control the operation of the business through the workers. They are not only interested in getting wage increases and fringe benefits; they are also interested in controlling who is hired, in controlling who is discharged, in controlling who is promoted, in saying which of the rank and file shall be promoted to foremen, in saying what units of the plant shall operate, in telling the management whether it can shut down an unprofitable unit or not, and of doing this through workers' committees.

Now, while they have not as yet achieved their goals in this country, much of the trouble that we have had in industrial relations has been due to the avowed objectives of labor leaders in so-called left-wing unions to keep things stirred up. In other words, it doesn't matter if the management has done a good job in cleaning up grievances; the maintenance of a backlog of grievances is the union objective, not getting them cleaned up. Much of the trouble we have had in this country is illustrated by the experience of General Electric a few years ago, when Mr. C. E. Wilson, President of the company said, "We have reached the point where our good intentions and our will to cooperate have not been enough." And they had to go out into an open, two-fisted campaign to clean up the subversive leadership in the Electrical Workers Union, which resulted in the split.

Now among these left-wing unions--to illustrate--we have the United Electrical Workers, with a membership of about 300,000; we have the Farm Equipment Workers, with a membership of about 30,000; there is a union known as the United Office Workers Union, 12,000 members; there is a union known as the Food, Tobacco, and Agricultural Workers and it has about 33,000 members; the Mine, Mill, and Smelter Union has only 44,000 members, but, believe me, they are in a key, strategic position; the Longshoremen's and Warehousemen's Union, we recognize as a left-wing union, and, while it has only 65,000 members, they are also in a key strategic position; the Marine Cooks and Stewards have only 6,000 members; Fishermen and Allied Workers have 25,000 members; and the Fur and Leather workers have about 100,000 members. Altogether, those left-wing unions make up about 615,000, but most of them are located in what we would have to consider, for purposes of the defense program and the production effort, in very key and strategic positions. So we have to take that into account.

Just how large does this group of organized workers bulk in the total work force of this country? It is now estimated, according to the latest figure, that we have in our total work force, I mean gainfully employed (as distinguished from a potential manpower pool of something like 65 to 68 million) pretty much a peak number of 61.2 million people actually at work in this country today.

Let us subtract from that group the agricultural workers who cannot be considered as potential members of organized labor as I have identified the group. Subtracting 9.4 million from the peak number leaves a work force of 51.8 million nonagricultural, gainfully employed workers. Now, let us exclude from that about six million of what might be called proprietors or self-employed people, domestic service, and the members of the armed forces. That leaves us a total industrial, business, service, and public employed group of about 45.8 million people actually at work. Now they are the potential maximum, as I see it, of organized workers in this country.

Personally, I have some doubt that we will ever achieve 100 percent organization, but, be that as it may, we have 16 million out of 45.8 million now organized in unions, leaving about 29.8 million in the unorganized groups. Thus our problem of labor in a defense emergency or in a peacetime economy, at the present time, is about roughly half in the unorganized group and half in the organized group.

What are the objectives and scope of collective bargaining as we may define them today, just to look at the present picture without trying to forecast what collective bargaining may become? Well, the concept of collective bargaining has come a long way from what it was when the Wagner Act was passed in 1935. The traditional, orthodox approach to collective bargaining was that workers in a particular plant or company were not in a position to deal with their employer or anything like a basis of equality unless they were organized. Even before the Wagner Act, there were industrial leaders in this country who said that--particularly for medium- and large-sized companies where the personal contact with the owner or manager or chief executive of the business had been lost--there was no sound, constructive, effective way of dealing with people except through some kind of organization.

In 1918 at the close of World War I, there were certain companies that took the leadership in inviting their employees to elect representatives. There was a substantial growth of representation plans; but the organization drives of the thirties and forties, and particularly the operation and administration of the Wagner Act of 1935, did a pretty thorough job of liquidating the so-called "independent unions." The theory in those days was that the workers in a particular company or plant could equalize their bargaining power if they organized. It was

felt that if the employees of a particular company were organized coextensively with the unit--either the plant or the corporation--that they would have sufficient bargaining power to deal effectively with the employer and to advance their own interests.

Now there has been a substantial broadening of that concept in the last 10 or 15 years. The bargaining objectives have been extended from merely a matter of wages, hours, and working conditions to all phases of management operation that could conceivably affect the welfare or individual interest of the employee. Along with that, there has been a steady pressure, to widen and extend the area of bargaining. Trade-union strategy has exercised a steady pressure to extend the area of bargaining from the plant to the company, from the company to the group of companies, and from the group of companies to the industry. We have had some hints that this won't be enough--that eventually we will have to sit down and really bargain on a national basis.

As a result of those pressures which the unions have been able to exert rather successfully, let me say at this point that the existence today of a strong, powerful movement of an organized group of 16 million members located strategically in the mass production industries, in the transportation industries, and the communications industry has been accomplished and achieved not only with the entire consent, acceptance, and approval of the American people, but by the active participation, support, and stimulus of the Government.

Now the passage of the Labor-Management Relations Act of 1947 was no signal that the American people had turned their backs on labor unions. They still feel that labor unions are a sound and constructive force, that they are a desirable offset to the power and weight of employers, whether they are in large or small units. We are, therefore, faced with this situation as a consequence of public policy, and to the extent that corrections or readjustments are achieved, they can only be achieved through pressure, or a reorientation, or a shift in public sentiment. You have today, then, in discussing trends, three general types of collective bargaining so far as the area of the bargaining is concerned.

Most of the collective bargaining in this country takes place in the individual company or in the individual plant. There are still large corporations which bargain with their unions on the basis of the individual plant and which have yet to sign a corporation-wide agreement. Generally, this bargaining on the individual plant basis is successful. By and large, the best agreements that have been obtained, from the viewpoint of either labor unions or management, have been achieved on the basis of the company and the plant at the local level. None of this bargaining has created national crises. None of this type of bargaining has called into action the emergency provisions

of the Labor-Management Relations Act. It goes on constantly. It has been estimated that from 50,000 to 75,000 collective bargaining contracts are negotiated every year on a company or an individual plant basis. By and large, that type of negotiation never hits the headlines, never calls for the intervention of the Government or the seizure of the business.

There is a second kind of bargaining that goes on in the regional labor market area, the group bargaining, which takes place largely in metropolitan areas. You can't conceive of an individual butcher shop owner bargaining on equal terms with the meat cutters' and butchers' union. You can't conceive of one hotel or restaurant bargaining with a restaurant union. You can't conceive of an individual trucker bargaining on equal terms with the teamsters' union in the New York, Philadelphia, or Washington area. There wouldn't be any collective bargaining. It wouldn't be possible to carry on collective bargaining with anything like equality of bargaining power unless there was a group, unless the individual trucker, the individual hotel owner, and the restaurant keeper joined himself with other hotel owners and truckers into associations or groups for the purpose of meeting the strength of, for example, the teamsters union in that area.

So you have what is called area or group bargaining, carried on largely in metropolitan areas and in certain regions. One of the outstanding agreements of this kind in industry is that of the Pulp and Paper industry on the west coast, where a group of pulp and paper manufacturers in the Northwest and on the west coast deals as a group with two unions of the AFL--the Pulp and Paper Workers and the Association of Paper Manufacturers. They negotiate a master contract for that region. It is not industry-wide bargaining; it is regional-group bargaining. A good deal of bargaining on that basis goes on in other regions of the country--some of the clothing industries and some of the textile industries engage in it. That is the second major area of group bargaining.

Of course, there probably are only one or two examples in this country of pure industry-wide bargaining. There is the pottery industry which bargains on an industry basis. I don't know of any other industry that really does bargain on an industry-wide basis, but the kinds of bargaining that come closest to that are exemplified by the kind of bargaining that goes on in the bituminous and anthracite coal industry. There have been major segments of the southern coal operators, southwestern operators, and northern operators at times that have bargained simultaneously. You come pretty close to industry-wide bargaining in the coal mining industry, in the case of some of the railroads, and in various segments of the longshore industry.

It was in these industries that the crises arose which called for invoking the Emergency Provisions of the Labor-Management Relations Act of 1947 seven times in 1948 alone. Two or three of them arose in the mining industry alone. Someone has estimated that during World War II and immediately following for a two-year period the coal mines of this country were in the hands of the Government over one-half the time, all of it as a result of deadlocks in bargaining on an industry-wide basis. These are the sources of national emergencies. Here we see a new strategy coming up. This is the area to watch for the most significant and far-reaching trends in collective bargaining.

Now I want to talk for a few minutes about some of these significant trends in collective bargaining. With this background, we are now ready to examine what I think are at least four significant trends. One or two of them may not be dignified by the term "trend," but I will mention them because of their potential impact if they ever are permitted to become trends.

First, I have listed the trend toward union-wide bargaining as illustrated by the steel panel pension case of last year; second, I want to talk about the indications of an increasing tendency to use the strike for purposes other than the achievement of economic objectives; third, I want to talk about the subject of the undermining of the validity and sanctity of the collective bargaining contract; and, fourth, I want to talk about what I think are some of the more significant trends in contracts negotiated on an individual company basis.

First, this question of union-wide bargaining.--I mentioned the fact that we had as yet in this country no real examples of industry-wide bargaining where there is arrayed on one side a powerful international union controlling the entire membership of an industry and arrayed on the other side organizations representing a substantial proportion of employers--but we have come very close to it. The significant thing to watch is that this state of affairs can be and has been achieved without and in spite of the cooperation of employers. At the present time, the United Steel Workers are powerful enough, if they choose, to impose on the steel industry collective bargaining negotiations on an industry-wide basis.

Now my proof of that is to just examine briefly the procedure followed last year in the establishment of the steel panel. The United Steel Workers had negotiated with the United States Steel Corporation and units of the steel industry a collective bargaining agreement which, among other things, provided for a reopening clause on wages at a certain date early this year and by mutual agreement, oral but not written, had agreed that the question of a pension plan would be postponed and taken up at the time of the normal reopening date.

In the interests of union strategy, the union demanded that the contract be opened up six months, at least, ahead of the reopening date and, contrary to the understanding, insisted that the company bargain about pensions. Collective bargaining negotiations were already taking place in various units of the steel industry--in other companies. The bargaining committee had come in, but the control of the collective bargaining activities of the locals in the United Steel Workers is in the hands of the international officials, and at a signal, by a uniform act, collective bargaining negotiations in every corporation in the steel industry came to a standstill. The union bargaining people walked in and said, "We can't hold this bargaining conference today. We have a telegram from our International saying, 'Suspend negotiations.'" And the country was confronted with the possibility of a simultaneous shutdown in an entire industry.

Now there is good reason to believe that there was an understanding in certain quarters that this would be viewed as a national emergency and that upon the appearance of the emergency there would be called into action, not the provisions established by law for the meeting of a national emergency, but a run-around, a bypass of that provision, and the establishment of a special panel appointed by the President to consider the issues involved in this so-called national emergency.

As you will recall, that panel was appointed and under pressure of the Government some 40 steel companies were requested to "appear before this panel." They were promised that the findings of the panel would not be obligatory upon either the union or the companies but would be voluntary. However, the panel's finding was later held not to be voluntary as I will point out. In spite of the agreement not to discuss pensions under the terms of the existing agreement, nonetheless, the companies were ordered to bargain. And then a finding was brought in that they had to adopt a certain type of pension plan. Then the union goes out and says, "Gentlemen, those companies which accept the findings of the steel panel can proceed with uninterrupted production. Those companies that refuse to accept the findings of the panel will be shut down and their locals directed not to reach any settlement contrary to the findings of the steel panel at pain of a strike." So there was in this case the use of international union control of local unions negotiating with the various companies to impose collective bargaining negotiations on what amounted to an industry-wide basis.

There are many advantages in that method to an international union, and bear in mind that the power to control the bargaining activities of the local unions now exists in the five or six powerful international unions that control the situation in coal, in steel, in lumber, in automobiles, and in electrical manufacture. Now if you can visualize simultaneous crises in those four or five key industries, you have some idea of the potential impact of stoppages and of labor disputes on the war effort or preparation for war. Now what are the advantages?

In the first place, the union gets the advantage of the industry-wide pattern without having to bother whether an employer really wants to bargain in a group with his competitors or not.

In the second place, one of the trends that union officers these days have to reckon with is a growing reluctance on the part of the rank and file to strike, the rank and file having learned the hard way since World War II that the gain of long strikes, even if successful, actually is a net loss--that it takes years for an individual worker to make up in actual money-income what he lost in a long strike in order to win 12 cents an hour or 19 cents an hour. Gentlemen, that lesson is being learned rapidly by the wage earners of this country, to the extent that international officials of the unions are seeking other ways to accomplish their objectives without invoking a strike.

In the third place, it saves them from creating a national crisis to the extent that the public's wrath will be aroused and it offers the possibilities of getting far more from a public-appointed board under conditions which amount in effect to compulsory arbitration, so far as the employer is concerned, than they could ever hope to win by an out-and-out test of economic strength. You are going to see more of that kind of tactics in the months and years immediately ahead, particularly so long as the defense period into which we are entering stays short of a general war or a full-scale national emergency. Watch the extent to which international unions use their power to control bargaining on a local basis, to enforce settlement on entire industries through the use of government appointed fact-finding panels.

Now the second major trend--and I am open to discussing whether it is a trend or not, but I think it is at least a significant development--is the use of the strike for other than economic objectives. I have here some numbered clippings which will suffice to illustrate it only by one or two cases.

Of course, we have seen the big example of the use of the strike for other than economic motives in the last year or two in France and Italy where the labor unions, under the leadership of Communist or subversive officials, deliberately used the economic power of the labor unions to paralyze the country economically, with the objective of overthrowing or disintegrating the government. They were an instrumentality--they were an agency of what, you might say, was a foreign power using the labor movement inside the economy to accomplish the results of direct invasion.

We haven't any crisis like that in this country, but we have some very ominous signs. About two or three years before the passage of the Labor-Management Relations Act, the head of the AFL intimated that there might be a general, one-day labor holiday against the

passage of a piece of legislation which organized labor doesn't like. I submit that this is an utterly improper and dangerous use of the economic power which the American people have given to organized labor-- use for purposes which cannot be defended. We saw a small-scale, actual occurrence, of course, in New York City, where the Mayor, for obviously political purposes, ordered a one-day holiday of labor in mourning the enactment of the Labor-Management Relations Act of 1947. To the extent that labor unions cooperated in that kind of suggestion, they were acting, in my opinion, contrary, not only to the interests of the public, but to their own long-range interests.

Probably the most outstanding examples of the use of economic power for unsocial and unwarranted ends have been the sit-downs and strikes of the New York longshoremen in the handling of Soviet cargo on Soviet vessels. One may agree with their objective and their feelings in not wanting to see goods brought into this country from a country with which we were in a certain sense at war--on a cold basis, of course--but regardless of their sympathy or their objectives, this Nation cannot afford to allow a labor union to use its economic strength to set our international policy. The international unions were very tardy in arriving at a decision to slap down their friends on the docks in New York and admonished, in very respectful terms, that they, under their contracts and by their agreements, were obligated to unload this cargo regardless of its origin or its destination. Some cargo, as you know, was actually left in the vessels and returned to its point of origin.

But the implications of the use of the strike or sit-down as a weapon for purposes such as that are very sinister, particularly if we ever envisage war on a world scale with the Soviet Union. The left-wing unions are not unsympathetic to the goals and objectives of that particular power. We cannot afford, as a matter of national policy, to permit the use of the economic weapon or strike or the sit-down for those kinds of purposes.

The third trend that I want to call attention to has been the undermining of the validity or the sanctity of the collective bargaining agreement itself. That has been evidenced, for example, in a number of tactics and a number of decisions of the National Labor Relations Board. Just briefly, we have seen in the present circumstances, within the last six months, the use of wildcat strikes and slowdowns to force the company, in spite of its agreement, to reopen the contract and grant substantial wage increases ahead of the authorized date of the contract. The fact that Mr. Ford had signed an agreement with his union--a liberal agreement--in the spring of this year did not prevent his being forced to open his contract and grant wage increases.

Here is a clipping from the "New York Times" of 4 October 1950: "Eight hundred and seventy-six wildcat Ford strikes peril 88,000 jobs. May shut all plants. Walkout spreading from basic rolling mill—premium pay issue. Men defy CIO orders to go to work." 6 October 1950. "Wildcat walkouts ending at Ford. Steel protest strike ends." In every one of these companies the pressures to force the company to reopen its agreement has been built up and stimulated by wildcat strikes. Now you must admit either, on the one hand, that the officers of the union wink at these things and are perfectly willing to see them go on to accomplish their broader objectives, or, on the other hand, that they are in fact helpless to deal with or control them. If that is a serious problem at this stage of the defense emergency, think what it can be if we get deeper into this situation.

But over and above that, the findings of the steel panel were based on the decision of the National Labor Relations Board which said, in effect, this: Regardless of how good a contract has been negotiated and how much has been agreed on as to the matters that have been brought up, any matter which has escaped, or has been omitted, or which has subsequently occurred to the union, and which has not specifically been excluded from consideration in the agreement may be brought up and bargained about at any time, provided under the law it is a bargainable issue.

I would challenge you to find where there is a definition anywhere of what is a "bargainable issue." Practically any issue is bargainable provided a company can be forced or compelled, or agrees to bargain about it. No line has been drawn, and the steel panel, relying on the Allied Mills case, said, "Despite the fact that these two parties have verbally agreed that pensions will not be discussed until the reopening date, nonetheless, we find and order them to bargain about it."

No one denies that pensions are bargainable issues. The feeling was "Sure, they are bargainable issues, but there is an agreed-upon date for discussing that with the union." Nevertheless, that decision has been imposed and is buttressed by two further decisions. I won't take your time to recite the actual cases. There was the Lone Star Cement case which was the case which antedated the steel panel finding of 1947, the case on which they relied, and since then we have had two cases, the Associated Tidewater Oil case and the Allied Mills case. The Brookings Institution in a study of the national labor policy made in 1945 commented on the Labor Board's ruling in the familiar Lone Star case as follows: "The Board's insistence on the employer today to bargain where an agreement exists does not appear to be entirely consistent with the main objective of the collective bargaining process, the fixing of terms of employment through collective bargaining agreements for a specific period of time. One reason an employer makes an agreement is

to fix the terms of employment for a more or less definite period. If, at any time after the agreement is made, the employer is obligated to negotiate concerning its modification, the value of the agreement to him will be reduced. Consequently, the requirement that an employer must bargain, even though an unexpired agreement is in force is not consistent with the act's objective of encouraging collective bargaining agreements."

On this situation, Dr. Sumner Slichter, who, as most of you know, has been a sympathetic student and critic of organized labor, has this to say about the Allied Mills decision in a presidential address last October before the Industrial Relations Research Association in New York: "There are also many critics of the Taft Hartley Act but they might review the recent decisions of the National Labor Relations Board and of the Court on the obligation to bargain. One of these decisions in the Allied Mills case led the recent panel in the steel industry case to conclude that the present law gives either party in the collective bargaining agreement the right to practice bad faith bargaining by the simple device of agreeing, though not in writing, that a given item shall be excluded from a reopening clause and later insisting on bargaining about it. The decision of the National Labor Relations Board makes meaningless the wording of most of the present reopening clauses."

Now the Board says, "Yes, but if the employer just gets from the union a waiver of all these issues, then they don't have to bargain."

Here is a comment from our law department on this subject of how practical is it to think of everything in terms of a waiver. It says, "Of course, it is impossible for an employer to anticipate every conceivable subject a union might raise as a bargainable issue outside the matters covered in the contract. Therefore, except with reference to particular matters which it is known the union intends to continue to press, the enumeration of specific subjects in a waiver clause would not appear to foreclose future bargaining." For that reason, I raise a question as to how much we can rely, in future bargaining contracts, on the validity of the reopening clauses themselves. So much for that.

The last trends that I want to call your attention to are some very significant trends in contracts within a company. One of these is the contract of the General Motors Company which extends over a period of five years and provides for a limited Labor-Management Relations Act union shop. It was outstanding to the extent that it secured from the union support of production and the introduction of labor-saving machinery, but its most significant feature was the extent to which it eliminated wages for five years from the bargaining process. It was done by the installation of two very significant escalator clauses. One, as you know, was the adjustment for the cost of living

every year according to a formula. The second was the agreement to give a four-cent increase over a period of five years on the basis of what is called the "improvement factor" and productivity increase.

Now, on the face of the contract, if it is good, there will be no strike or lockout or industrial tie-ups over the matter of wages in General Motors for five years. The only questions that are raised are, "How good is the contract?" "How faithfully will it be observed?" With the new doctrine that any time the union happens to think of some issue that was not specifically waived or excluded in this present agreement, what assurance have we that a bargaining dispute will not be raised in spite of the contract and a strike ensue?

The other major development took place in the Allis Chalmers agreement which included the cost of living clause, and that is a tendency to seek by two devices to remove from bargaining the crisis argument over wages. One is through the long-term contract (General Motors' is unusually long--five years); the other is to provide for a formula which satisfactorily assures the workers of some increase in wages for a period and assures the maintenance of their purchasing power by adjustments to the cost of living.

There was one additional significant feature in the Allis Chalmers contract that I expect to see copied more and more. That was the provision, to which the UAW agreed, that elections for union officials should take place within the plant and on company time. In other words, instead of the officials of the union being elected at a meeting of the union, the management decided that, in order to assure maximum participation, they would hold these elections in the plant and on company time. I think those are very significant developments.

The main threat--I want to summarize in conclusion--I think is the extent to which the use of collective bargaining in a broad area and over all industry is resorted to, to press labor's gains if possible without the creation of national emergencies.

Thank you.

QUESTION: Your statement indicated that labor will not be organized 100 percent. I would like to have your opinion as to your reasoning.

DR. FRENCH: Well, many of these unorganized groups are in pretty small units where the cost of organization is high. In the second place, there is a growing tendency of office workers, clerical workers, people in unorganized groups to look with jaundiced eyes at the so-called benefits of organization; in the third place, they are already to a certain extent the beneficiaries of a strong and potent labor

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movement in this country which, as it moves up wages in the organized area, sets standards and stimulates adjustments in the unorganized area. The fact is that, unless the unions can change their selling arguments, they are not going to be able to convince a good many workers that the hazards and disadvantages involved in labor-union activity are worth the struggle.

You have, furthermore, a national labor policy that says, in consideration of the question of unionization, the employer is free without penalty to talk frankly about the situation, to lay the pros and cons before his employees, to answer their questions, and so long as he refrains from threats, promises, or coercion, he has a chance to tell his side of the case. Now, there are many plants today where, as a result of management policy, the employees are convinced that they can get along without organization.

QUESTION: We have been concerned with bettering our economy by increasing production per individual. Some of the early forms that this has taken were piecework pay and perhaps bonuses. Is this productivity clause which was incorporated in the General Motors contract separated entirely from either of those two, or does it have some connection?

DR. FRENCH: It has connection in my opinion although it is a separate problem. Following World War II, there was a revulsion of the unions against incentive or piecework installation. Many unions are still hesitant. But in the last three or four years employers have been increasingly successful in convincing and selling the union on the desirability of incentives by piecework payments.

Now the General Motors production clause does not refer specifically to increased earning in proportion to the efforts of the individual employee. They are clearly relying on capacity for improving management methods by the installation of labor-saving machinery and the installation of a continuous process of assembly to more than make up in productivity the equivalent of the four cents an hour. In general, I think it is fair to say that there has been a decided improvement in the willingness of organized labor and labor officials to accept and cooperate with measures to increase productivity. They have learned, for example, that featherbedding and opposition to better productivity is not popular.

QUESTION: I realize that the National Labor Relations Law is a long subject, but what is the major defect in respect to it? Is it the personnel appointed to the NLRB or is it the law itself? Will you elaborate on that?

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DR. FRENCH: Of course, no one would contend that the law is perfect. It can be improved and undoubtedly will be. The only issue in this country is whether the law is going to be improved and strengthened or whether it will be totally repealed. No improvement is of interest to the labor unions. They indicated in the last session that they wanted it all abolished or left on the books as is.

Now with respect to the personnel or the administrators, inevitably any institution or law in its administration can't help but be influenced by the personal philosophy of the people that are administering it. The unfortunate thing is that we have a national labor policy actually being administered by its enemies. Many of those responsible for the administration of the Labor-Management Relations Act of 1947 are the same people who were administering the predecessor act.

If I might make one criticism of the administration of the Labor-Management Relations Act, it would be the philosophy that anything is justified in the case of collective bargaining. I think in the long run they are doing more damage in breaking down the confidence of the public by this opinion and philosophy than they are strengthening it. That is a matter of opinion.

QUESTION: Dr. French, I wonder if you would comment on another phase of this collective bargaining. During the first five months of this year some of the bigger labor leaders came out and stated that one of their objectives in the near future was the guaranteed annual wage. Since the emergency popped up, we haven't heard so much of that. I wonder if you would comment on the possibilities of that in the future?

DR. FRENCH: I have been asked to comment on the possibility of the guaranteed annual wage as an issue. Labor issues change, of course, as has been indicated by the officer. Unions change their strategy. The guaranteed annual wage has always been an objective of organized labor and, in my opinion, always will be. It is, however, the one issue that they are perfectly willing to concede has, from a practical standpoint, many difficulties and many hazards. I would say that if they run out of getting any more straight wage increases, if they exhaust the possibilities of the pension and welfare plans and have nothing else to strive for, they will try to get the guaranteed annual wage, but they themselves realize that, with small companies being what they are, the hazards of giving a guaranteed wage to the mass of employees and the chance of bankrupting a company are too great. I would predict that if that issue is ever raised, it will be compromised. There are a few companies, there are a few examples, but by and large almost none of them lend themselves to the principle of the annual wage. But you haven't heard the last of the guaranteed annual wage.

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QUESTION: This left-wing group you speak of is of great concern to the country, as I understand it. I have two questions: First, is the membership growing or is it getting smaller? Second, in your opinion, if we had a national emergency and we saw fit to adopt measures whereby we could dispense with the services of approximately 10 percent of the most radical leaders of those people, do you believe the others would go along and continue to work for the good of the country?

DR. FRENCH: First, I think the membership is growing smaller. They have lost out, in my opinion, in the campaign to win the allegiance and support of the great mass of American employees. I would predict that their membership will get smaller. On the other hand, it will never get so small as to eliminate from their ranks the hard core of fanatics and insurrectionists who are in there avowedly to raise trouble. They will constitute the problem.

I have grave doubts as to whether the left-wing group can be reached by a purge even though we know the names. I am convinced that the only hopeful approach to this problem of espionage is to so rally the support of the mass of employees that they will handle it themselves. I don't mean to eliminate the security checks and the elimination of known Communists where they exist, but I am just not hopeful that this will solve the problem. I think we are going to have to rely on laying the problem in the laps of the great majority of the rank and file of employees. We are going to have to turn over to them the problem of safeguarding and protecting the plants and the production operation in an emergency.

QUESTION: In this multiple employer and industry-wide bargaining you mentioned, you talked about some of the advantages to labor and, thinking about that, it seemed all the advantages were to the labor union. I can't see any advantages to the individual laborer. I can also see advantages to the employer in simplifying his problem, but I can't see any advantage to the individual laboring man in this. Are there any?

DR. FRENCH: Well, of course, like every other question, it is pretty equally balanced. The individual worker probably sacrifices exceptional advances which might be possible in a particular company because it happens to be most profitable. By and large, the majority of the rank and file would considerably benefit by achieving more monetary gains without the necessity of--and to the extent they are achieved without strikes--the loss of income for the periods of the strikes.

Now so far as employers are concerned, I wouldn't want to give you the impression that there is a unanimity of opinion. Many employers

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are entirely sold on the idea because it is much less trouble, much easier for them to meet the problem on an industry basis than to continue the troublesome problem of bargaining on a company basis. They are split pretty much on that. If they are faced with having to give a wage increase, they would rather share it with their fellows, and in many ways it is easier to pass it on in price increases.

MR. MASERICK: Dr. French, on behalf of the faculty and the students of the Industrial College, I thank you for a very informative lecture this morning.

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