

## LABOR UNION PROBLEMS IN A MOBILIZATION ECONOMY

7 October 1955

## CONTENTS

	<u>Page</u>
INTRODUCTION--Mr. S. S. Hill, Jr., Manpower Branch, ICAF .....	1
SPEAKER--Mr. A. J. Hayes, President, International Association of Machinists, Washington, D. C.	2
GENERAL DISCUSSION.....	18

Publication No. L56-39

INDUSTRIAL COLLEGE OF THE ARMED FORCES

Washington, D. C.

Mr. Albert J. Hayes, President, International Association of Machinists, Washington, D.C., was born in Milwaukee in 1900. He served his apprenticeship with the Milwaukee and North Western Railroads. He has been active in the International Association of Machinists since 1924 and has been its president since 1949. He was a member of the War Labor Board; Assistant to the Assistant Secretary of Defense, 1951-1952; Labor-Management Manpower Policy Committee, ODM; Labor Chairman, American Red Cross, 1952; Member, Columbia University National Manpower Council; trustee, National Planning Association, Washington, D.C. This is his first lecture at the Industrial College.

## LABOR UNION PROBLEMS IN A MOBILIZATION ECONOMY

7 October 1955

MR. HILL: General Calhoun, Members of the Class: This is our second full class meeting on the subject of industrial relations.

We have with us this morning the President of the Machinists' Union, Mr. A. J. Hayes, who is a senior officer of the American Federation of Labor. As most of you know, the AFofL is composed of a number of craft unions, and the heads of the various crafts are a sort of cabinet to the president of the AFofL.

Mr. Hayes comes to us as a real spokesman for labor. He may bring a viewpoint which may be controversial to some of you. He will pull no punches. I have assured him that we will not, either. This is the time for a full and frank discussion of anything that is on the mind of anyone here. It really should be called a seminar, at which we will all give our undivided attention to the problem at hand, and contribute our ideas.

It is a great pleasure for the faculty and the students of the College to have you with us, Mr. Hayes. We are looking forward very much to having you speak to us. Mr. Hayes.

MR. HAYES: Mr. Hill, General Calhoun, Distinguished Representatives of the Military, and Gentlemen: (Laughter) I assure you I didn't mean that as you interpreted it. On the basis of Mr. Hill's preliminary remarks I ought to feel very much at home in this gathering, because we in the organized Labor Movement are accustomed to having people disagree with us occasionally, even within our own ranks.

However, seriously, it is a pleasure to have this opportunity of discussing with you how we in the organized Labor Movement can cooperate most effectively, and I would like to say more effectively than we have in the past, perhaps, with you of the Armed Services and with other segments of our national economy in the event of some future emergency in the effective mobilization of our nation's manpower, either to forestall an attack upon our country and our liberties, or to carry on a hot war, if one should come despite our best efforts to prevent it.

As military men, whose lives are dedicated to the defense of this nation by force of arms, I realize that you must be continually aware of the problems which will face you and the United States in the event of war, and constantly alert to the events and the circumstances which bear upon the multitude of problems involved in the recruitment of men, the procurement of arms and materiel, and their successful combination into an effective machine of defense.

We in the organized Labor Movement realize that; we understand it. And let me say that in other and more simple times in the past, the rest of us in the country were usually content to entrust to the military almost exclusively between wars the interim business of maintaining the military establishments and planning for their use in the event of need or emergency. Sometimes, perhaps, the civilian segment of our country, and sometimes, perhaps, our Government as well, was not very cooperative with the military in the essential role of providing the necessary funds for the things the military thought we ought to have. But that, I think, is one of the prices we paid for our democratically organized and civilian controlled form of government. And while we often paid something for our lack of preparedness in other ways, I think it was a very small price indeed, when we consider the many benefits which we have reaped from our free society and compare them with the terrible prices paid by peoples of other lands who have granted undue power and authority to their military leadership.

I think things are different today than they were years ago. Within a relatively short span of years, the preoccupation of our military establishments have changed very substantially.

The attitude and the interest of the average citizen in the United States has also changed. In these days of wars and threats of wars, the American people do have an abiding interest in the state of their national defense, much more so than in the past. And you of the military, who were once the peacetime stepchildren of a growing and an introverted nation, are now the center of almost continuous attention by a people whose eyes and ears are alert to once unimportant events in once unknown corners of the globe.

We of the American Labor Movement share the national concern of all Americans in the events and the personalities of the world stage which may shape our futures and determine actually the very question of our continued existence as a free nation, and we share too the

national interest in the readiness of our defense establishments. That is why I appreciate this opportunity to be with you. I hope that I can show my appreciation by giving you food for serious thought and meaningful discussion.

If we are to discuss the subject of the role of organized labor in mobilization with any degree of accuracy, I think we must first determine just what the term "organized labor" embraces. Before you, or before most of you, at least, can understand organized labor's views, attitudes, and recommendations regarding, for example, continuity of production in the event of emergency, or wage and price control and profit control, or the Government's role in the settlement of disputes and related matters, in order for you to understand our position with regard to these matters, you must know far more facts about organized labor than those published in newspapers and magazines.

I say this because I know from my own experience that the opinions regarding organized labor held by many outside the Labor Movement, and understandingly, by some in the military establishments, were gained almost wholly from exaggerated accounts of the relatively few exceptions in the activities of organized labor, without at all being influenced by the other side of the ledger; and that is the great good that organized labor has accomplished for our entire country.

I know also that this false premise has often resulted in unjust decisions adversely affecting organized labor, industrial relations, production and, many times, the country as a whole.

To many persons outside the Labor Movement, and I fear also to some within the ranks of the Labor Movement, the term "organized labor" conjures up a vision of some mighty monolithic creature of enormous power, whose actions are directed by a handful of "labor bosses," to use a term which is prevalently popular with many of the critics of organized labor.

Against this concept, which, I often fear, is cultivated in many quarters out of ulterior motives, are certain important facts released in the latest information available from the United States Department of Labor. According to the reports of that agency, the Organized Labor Movement is made up of more than 17 million individual wage earners, who are banded together in 75,000 local unions, which are affiliated with 217 national or international unions. Seventy-three of

the latter maintain an independent status; 34 are affiliated with the Congress of Industrial Organizations, and the remaining 110 are members of the American Federation of Labor. Before the year is out, as most of you know, according to present indications, the two major federations will have closed the gap which has split the American Labor Movement for the past two decades, to establish one federation of labor with 144 affiliated national or international unions with a membership of some 15-1/2 million men and women.

Historically, the American Labor Movement has been a voluntary organization, developed on a local basis, rather than a national or an international basis, with many local unions banding together, first in local federations, and later in national and international organizations, for very practical reasons. Basically the international union remains an organization of autonomous locals made up of members whose presence is voluntary and whose control of union affairs is democratic. I say this notwithstanding propaganda to the contrary, and notwithstanding some facts to the contrary. Where local autonomy has disappeared in labor unions, or where the members are subject to the control of a self-perpetuating officialdom, the reason is usually to be found in the lethargy of the membership. We have seen the same sacrifice of democracy in local and state governments, where political machines have become entrenched due to the lack of interest and the action of the people.

At the federation level, organization is relatively loose, with the affiliated national and international unions retaining a high degree of autonomy, and with the federation having extremely limited powers over member unions. This pattern, which is common to the AFofL and the CIO, is embodied in the proposed constitution for the merged federations.

Voluntarism, autonomy, and democracy--these are the hall marks of organized labor in the United States. I suppose that a little less of these ingredients might at times be very convenient to the leadership of organized labor or to management representatives with whom they deal, or perhaps even to government officials, especially in times of emergency. But that is the way the American Labor Movement is; that is the way it has developed, in accordance with the traditions and the climate of a free country. In those few instances where the ingredients, especially those of autonomy and democracy, are weak, you will generally find an industry with a long history of shameful exploitation of its employees; or you will find a section of the country where

political expediency is held in higher regard than democratic freedoms. Workers with a long history of employer exploitation may sometimes rather willingly exchange the harsh bondage of the company town and the company store for the more benevolent dictatorship of certain union leaders who at least tend to their economic well-being; and men and women who exchange their political franchise for favors from the ward boss will be inclined to carry the same habits into their union. All of this adds up to the elementary fact that people are people in every facet of their lives, and that unions, like all other democratic institutions, suffer from their weaknesses as they benefit from their strength and abilities.

Now, against this brief explanation of the Organized Labor Movement in the United States, let us consider the role and duty of that movement in a mobilization program.

Since mobilization, partial for a limited emergency, or total for active defense against aggression, must be built upon resources and manpower as they exist at the moment of the emergency, let us first consider some of the present goals and activities of organized labor in the light of their effect upon the manpower resources of the United States as they exist today.

Such a consideration is important, I believe, because the quality of manpower in the free world, and especially here in the United States, is the source of one of our basic advantages over that section of the world and its population which is captive to the Communists.

If you compare objectively the relative advantages of the Free and the Communist worlds, I think you will be forced to conclude that: So far as natural resources are concerned, the two worlds, the Free and the Communist, are about on equal terms, and that may even be underestimating the potential resources of the Communist bloc. So far as manpower goes, there is no question that the Communists have an overwhelming advantage in sheer numbers. Therefore, the strength and the advantage of the Free World--and I think it is well centered in the United States and Canada--lies in its industrial know-how and the quality of its human resources; the quality of its manpower.

If we are to meet the challenge of communism over the long run of a cold war, or even in the briefer but more intensive test of strength in a hot war, we must have at our disposal a citizenry which is both healthy and educated, because it appears to me that health

and education are the two principal ingredients in the quality of our human resources, with a sufficient number trained in the sciences and the skills essential to the operation of modern industry and to the conduct of modern warfare.

I am going to stay away from the disadvantages of unhealthy and illiterate citizens from the viewpoint of the military men who are trying to build an army, a navy, and an air force. You know, and I am sure you appreciate, the draft deferment figures better than I. But I do want to point out that ill health and deficiencies in education constitute a problem in the production phase of mobilization also.

Several years ago, Dr. Howard Rusk, Chairman of the Health Resources Advisory Committee of the Office of Defense Mobilization, reported that the United States was losing approximately 540 million man-days of production a year due to sickness and injury. Let me repeat that figure--it is not a mistake--540 million man-days of production a year. To the sick workers and their families, this represented a wage loss of 4.2 billion dollars. To industry it meant an unestimated loss in profits. And, from the viewpoint of our problem here today, it cost the nation an untold and, if you please, an unnecessary loss in production.

With our wealth of medical knowledge, and in the light of the concept of the dignity of man, upon which this nation is founded, these consequences of ill health are inexcusable at any time. In time of mobilization they could be disastrous.

I think we would be traitors to the concept of human worth if we permitted our people to continue to be denied access to the miracles of modern medicine because of an antiquated system of medical economics. And I think we would be fools indeed if we permitted our manpower, one of our most important resources, to continue to be eaten away by the ravages of ill health.

Now, so far as education goes, you have but to read headlines in the local sections of the Washington newspapers for the past weeks to be aware of the critical situation in the District of Columbia schools--in terms of inadequate plant and insufficient teaching staffs. I happen to be a member of the Committee for the White House Conference and also of the National Citizens Commission for the Public Schools, and I know that this situation that exists in Washington is mirrored in thousands of communities throughout the length and

breadth of the nation. And in many places it is unbelievably worse. It came as a shock to me to read sometime ago in a 1953 report of the Department of Health, Education and Welfare, that nearly 45 percent of our elementary and secondary schools, serving a little more than 12 percent of our enrolled pupil population, still have outdoor toilet facilities.

Existing shortcomings of our public school system are serious enough in the light of education's essential part in the successful operation of democracy, even in normal times. They become still worse when viewed in the light of industry's increasing demand for educated manpower. The coming of automation will mean a continuing decrease in demand for the unskilled type of work available to persons of limited education, and an increasing demand in the white collar, supervisory, and skilled worker classifications.

Our current shortage of engineers is a matter of concern alike to you in the Armed Services and to management in many types of industry. And, as I am sure you are aware, existing enrollment of engineering students in colleges and universities falls far short of the number needed to meet the needs of industry. For example, according to the estimates of the Engineering Manpower Commission of the Engineers Joint Council, United States industry this year had jobs for 37,000 engineers, while our colleges graduated only 21,500. While shortages in engineering and other essential professions may be traced directly to the mounting cost of higher education and shortages of teachers and facilities at the college level, it is also traceable in part to the fact that our primary and secondary schools are unable to provide the quantity and quality of education essential to advanced education.

Better health facilities and greater educational opportunities for Americans are two of the most important social objectives of organized labor today. You would be astonished to know of the amount of time which union officials devote to these two subjects. And you would be surprised, too, I believe, very much surprised, at the obstinate opposition which we are meeting in our efforts from persons who are more concerned with reducing taxes or saving an imaginary ideal--that is one particular part of the trouble in the school situation--than they are with the general strength and welfare of our country.

In addition to seeking better health facilities and better educational opportunities for all Americans, organized labor in America has

always played, and continues to play, a very vital role in the essential task of providing an adequate supply of competent craftsmen in the various trades and crafts upon which we depend for the creation, operation, and maintenance of our manufacturing and transportation systems, and for the building of our homes, our factories, and our offices.

Organized labor has long been the custodian of the basic skills necessary to the technological progress of our country, and, until rather recently, in the face of a great deal of management disinterest or opposition.

My own union, the International Association of Machinists, for example, was founded 67 years ago primarily for the purpose of maintaining and improving the skills of the trade, and in defending it against the deterioration which was resulting from the introduction into industry, even at that time, of the untrained and the incompetent. And proper standards of apprentice training and the recruitment of competent candidates for the trade continue to be a major activity of our organization and of all the other craft unions.

The shortage of skilled craftsmen was one of the problems this country faced 15 years ago when we converted from a peacetime to a defense economy, and later to a war economy. Men whose skills were rusty and whose fingers had grown clumsy from the long disuse of retirement or unemployment were hunted avidly to meet the booming demands of an expanding industry. We need not face that problem again in a period of mobilization if we are now wise enough to plan ahead for the craftsmen, the skilled workers, who are essential to modern industry. In this connection, it should be noted that the coming of automation to the metal-working industries is placing a new importance on the versatile journeyman worker. The selfregulated machines may displace the unskilled and the semiskilled machine tender, but they place a premium on the craftsman whose skills help to create these machines and whose attention is essential to the continued efficient operation of the machines.

Beyond its programs for better health and education for all Americans, which will result in better quality manpower, and its continuing activity in the field of apprenticeship, organized labor provides another, perhaps indirect, but extremely essential, ingredient in the manpower picture.

The Armed Services are seriously and, I believe, rightfully, concerned with the ability of their uniformed personnel to withstand the brain-washing techniques of communism. You are all aware, I am sure, of the furore created recently by the reports of the so-called "torture chambers" of the Air Force. When the smoke had cleared away and reason had replaced ranting, there was a fairly general consensus that some means had to be found to offset the return to barbarism which marks Communist treatment of war prisoners.

Physical hardening, an awareness of the type of treatment accorded prisoners by Communists, may be one essential approach to the problem. Really, I am not qualified to make any judgment on that score. But essential or not, it cannot possibly do the job that has to be done, for the simple reason that it is neither practical nor desirable to carry such training and experience to all the young men of the United States.

Since we cannot--and should not--attempt to convert American youth into a race of Spartans, I think we must look elsewhere for some means to strengthen the minds and the spirits of our people, that they may better understand the prize of freedom that is theirs, and in that understanding defend it even to the death, if necessary.

Freedom means most to those who practice freedom and practice all of its ways. And American unions were designed and grew to give the wage earner in his economic life the same freedom which he had been granted by our Constitution and Bill of Rights in his political life. Industrial democracy is the goal of unionism. As a person who became a union member at a very early age, and one who has spent most of his life in the Labor Movement, I will venture to say that any active union member who works at industrial democracy and who knows the value of freedom from his experience will stand up better to the wiles and the tortures of a Communist captor than will the passive man who accepts the fruits of democracy without any sense of obligation or interest.

Unionism is a training ground for democracy, and a sense of the value of freedom is our greatest defense against brain-washing and all the other terrifying techniques of communism.

These things the Organized Labor Movement is now doing to improve the calibre and the capabilities of American manpower: Seeking to improve the health opportunities of all the people of the country;

working to improve our free public-school system; helping through participation in apprenticeship programs to train the skilled craftsmen so essential to the operation of modern industry and to the technological progress of our country, which is so essential to the final outcome in the contest with Communism; and giving their members an increased sense of the value of democracy, through their participation in union affairs.

Now we come to the question of how Organized Labor can participate in an effective mobilization program should the need develop.

First of all, and I assure you I am not trying to be facetious, I think Organized Labor is helpful in a mobilization program by its mere existence. As military men--those of you who are military men--I am sure you know the absolute necessity of proper organization. Have you ever stopped to think what a problem mobilization would be if workers were not organized, if you could not deal through any organization of workers? Even the Communists have set up fake labor unions as essential channels of communication between the dictators and the workers. I think there is one important difference, of course, between the Communist union and a free union. The first is a means by which the state can issue orders to the workers, which is one-way communication. The free union is a two-way channel of communication, between employers and employees, in ordinary times, and between employers, employees, and the Government in times of emergency. That is a very vital distinction, and one which should be kept in mind during periods of mobilization. American wage earners, of course, formed their unions to escape industrial autocracy, and they will not permit the subversion of their unions for any other kind of autocracy. I think that ought to be borne in mind.

The Organized Labor Movement offers the best, and practically the only, access to skilled craftsmen. Because labor has always insisted upon the need for craftsmanship and apprentice training, most American craftsmen are members of labor unions. When there is a Manhattan Project, when there is a new aircraft plant, or shipyard, or arsenal, the best possible method of obtaining the skilled workers essential to its operation is to approach the union which serves the craft in question. That certainly has been done in the past.

The Machinists Union has often served as an effective recruitment agency for tool and die makers and journeymen machinists in behalf of both the Government and private industry. The same thing is true

of other unions. It is one of our valuable services to members seeking new or improved employment opportunities, also to the Government and to employers seeking craftsmen.

In mobilizing manpower for defense and defense-connected industry, Organized Labor, however, has been handicapped in the past by a system which often shows a rather calloused disregard for the personal and the economic welfare of workers involved and their families.

Let me give you a few illustrations of what I mean. In March 1951, the old B-29 plant in Marietta, Georgia, was reopened for the production of B-47's. As it had done many times before, the Machinists Union helped recruit the staff of journeymen who make up the small but essential core of any aircraft plant. Many of the craftsmen had to travel long distances to get to Marietta. When they arrived, they found living quarters for themselves and their families to be few, inadequate, and very expensive. Some of those who had brought their families along lived in trailers or temporary housing. Others left their families at home until they could locate adequate and reasonable quarters. Then, just about the time the employees were getting settled down, word came that the Secretary of Defense was considering closing the plant.

We have had the same type of thing happen more recently at the Republic Aircraft plant on Long Island, when there was a move by the Defense Department to transfer some of Republic's contracts to a newly organized firm in another part of the country.

After the war we had the experience of having nearly 10,000 men laid off at Boeing, in Seattle, with no jobs for them.

It doesn't take much imagination to conceive the state of mind of the employees under such circumstances. I have heard it said that there is a high turnover rate among the employees in the aircraft industry. I have heard it said, too, that productivity in the industry is not what it should be. I ask, is it any wonder? Under the circumstances, who wants to jeopardize his future in an industry which depends upon the changing whims of legislators and administrators here in Washington? What worker can produce his best when he is wondering from day to day if he will have a job a few months hence?

Certainly what happened as our nation demobilized at the end of World War II was not encouraging to those who were adversely affected

by it. Hundreds of thousands of people who had been uprooted from their old communities were unceremoniously thrown out of work to fend for themselves in cities that had lost their industries, that were without employment opportunities.

This sort of thing cannot be waved off with some remark about sacrifices entailed in war. It can be avoided. It could have been avoided in World War II. I think it must be avoided in any future mobilization.

For example, an alternative to bringing people to existing centers of production is to build needed new production facilities in centers of labor surpluses. In a special report to Congress in December 1946, the United States Employment Service noted that:

"In the matter of plant facilities and prime contract awards the War Manpower Commission had very limited success in diverting war work to surplus areas. The system of area classification in terms of adequacy of labor supply, although recognized in Directive 2 of the War Production Board regarding the awarding of prime contracts, was not applied strictly by the procurement branches to secure the maximum benefits from. . . . Furthermore, the policy was not applied until very late in the war to subcontracts and materiel purchases of prime contractors. In many instances the system of area classification offered the widest range of alternative sources and individually the greatest possibility of manpower utilization in labor shortage areas."

We of Organized Labor realize, of course, that location of production facilities is influenced by factors other than the available labor supply. None the less, we feel, with the old War Manpower Commission, that not sufficient weight was given to this factor in World War II procurement practices. Serious dislocations of manpower for short periods of time have grave economic consequences. With the decentralization and dispersal of production facilities, for defense and other reasons, and with the promise of atomic energy easily available for industrial power in remote areas, we earnestly hope that the tragedies resulting from concentration of manpower and the uprooting of families will be avoided in any future mobilization program.

Mobilization, in the full sense of the word, of course, embraces much more than the mere recruitment and placement of men, important as that is. The successful prosecution of modern war demands a stabilized economy and a continuity of production both of munitions and materiel for the Armed Forces, and of goods and services for the civilian economy.

No one, I assume, would openly disagree with the theory of equality of sacrifice upon which our federal wage-price and profit controls and industrial-dispute controls of World War II and the Korean War were based. Yet in practice those systems frequently failed to operate with justice, and most frequently operated with injustice to labor.

There are, I think, several basic reasons for this. First of all, in every emergency situation of this kind, we must contend--and I don't say this critically--with the attitude of the business leader who is frequently called upon to head wartime programs of the Government, and whose views are heard with respect in Congress and in the offices of government administrators. The successful industrialist is still an object of reverence in the minds of many, and his views are often accorded a weight which his limited experience in a single field of endeavor does not justify.

Secondly, I believe, is the factor that wages are subject to easier and quicker control than most any other factor in our economy. With a high degree of union organization in industries which produce the arms and equipment of war, and with the large bargaining units which have been developed in the mass-production industries, it is a relatively simple matter to enforce any wage control formula which the Government may devise. Furthermore, it is much easier to gain labor's compliance with decisions of governmental agencies operating in the field of industrial disputes than it is to secure the voluntary compliance of management. That is a matter of record.

The National War Labor Board of World War II noted this in its termination report in the section devoted to securing compliance with Board orders. This is what the report said, on page 417 of volume 1:

"Board efforts to secure compliance on a voluntary basis took many forms. Staff members held telephone and personal discussions with the parties in efforts to clarify Board orders and to eliminate misunderstandings; telegrams and letters were sent to union leaders and sometimes directly to workers appealing to their patriotism and reminding them of the no-strike pledge; on occasion a Board agent would attend a union meeting and deliver an appeal in person, explaining Board policy and procedure and discussing the equities of the situation. Perhaps the most important type of action was bringing leaders of the international unions and the federations to exert pressure within the Labor Movement itself to end non-compliance. Similar action on the employer side was somewhat handicapped by the fact that employers were less closely organized."

Beyond the pressures upon labor for compliance with War Labor Board decisions, union members and their elected officials were subject to other types of pressure. All of us in the Labor Movement from 1941 to 1945 were aware of the impatience of local draft boards with union officials who were deemed guilty by draft board members of any form of failure to cooperate with the war effort.

When it came to a matter of enforced compliance with War Labor Board decisions, again labor was an easier nut to crack than management. Unions were subject to a variety of penalties, such as suspension of previously approved benefits, and withholding of wage adjustments until compliance with their recommendations or decisions was obtained.

The only real penalty which could be imposed upon a stubborn employer was cancellation of a contract--a most unlikely device in time of needed production.

I think it is interesting, too, to note the reasons for noncompliance with War Labor Board orders as noted in the Board's termination report. Here I quote from page 426 of volume I of that document:

"It must be emphasized that most of the union cases of non-compliance resulted from a refusal of the union to obey a Board order to end a strike and did not involve a Board decision on the merits of the dispute. In many of the cases, such as the jurisdictional dispute, the Board did not concern itself with the merits but was interested solely in getting production restored. The employer cases, on the other hand, arise out of dissatisfaction with a Board decision."

In other words, non-complying unions in the main were protesting against the failure of the Board to render decisions on the matters at issue, while employer non-compliance was in direct defiance of Board decisions on the merits of the case.

As I have indicated earlier, I certainly can appreciate the reluctance of the military establishment's or the Defense Department's procurement agencies to withdraw or withhold contracts from employers who are refusing to comply with orders of an agency like the War Labor Board, even though such action is the only effective means of penalizing the employer for his refusal.

I was amazed recently, however, to learn the ease and the seeming lack of concern with which the same procurement offices will blacklist a firm in peacetime--and on grounds which are most flimsy, in my opinion.

For example, as some of you may know, in Elgin, Illinois, a company has been blacklisted by the Department of the Army. As a result the company's products are not carried at any Army Post Exchange, and the company may not bid on or participate in any Government contract. The results are rather serious to both the company and its employees, the latter being members of our union. In fact, 1,000 employees have lost their jobs as a direct result of the Army's action.

This is the reason for the decision made by the Army, which was subsequently adopted by the General Services Administration and other military establishments: The president of this company is under investigation by the Department of Justice, charged with fraud and tax evasion in his relationship with a different company. Let me repeat that. He has been charged with tax evasion and fraud in his relationship with a different company. So far as we have been able to ascertain, the investigation is a personal one, affecting only him. The blacklisted company is involved in no way. There has been no action taken against the company's president, although the investigation has been going on for some time. Yet the Department of the Army has seen fit, without any legislative or executive authority, on the basis of allegations alone, to blacklist this company. In other words, it is penalizing a business and its employees for the alleged, but unproven, wrong doing of one of the firm's officers and stockholders.

I want to make it very clear that I hold no brief for the individual concerned. If he is guilty I think he should be tried and convicted; but I am opposed, and Organized Labor is opposed, to the violation of a basic concept of our form of government; and that is that an individual, or a company, for that matter, is innocent unless and until proved guilty. We are also opposed to the abuse of power on the part of the military, as well as any other organization or individual in our country.

I cite this case merely to indicate a type of action by one of the Armed Services which cultivates the impression that its actions are governed less by reason and justice than by an undue sense of power.

UUBSU

To return now to the question of a controlled economy in time of mobilization: I have already cited facts which indicate that under emergency conditions labor finds itself in a position of being easily controlled and open to penalties for refusing to abide by decisions of regulatory agencies.

In contrast to the relative ease of controlling wages, the control of profits, prices, and rents is intricate and involved. Pricing, and especially renting, over published ceilings, unless practiced on a widespread scale, is much less dramatic than a concerted protest on the part of employees of a war production plant. Frequently the offending merchant or landlord has the tacit consent of his customer or tenant, who is willing to pay a little more to obtain commodities or quarters which are in short supply.

During the Korean emergency, wage controls were swift and sure--I had something to do with them and I know--while there was little done in the field of price and rent control, presumably because of the tremendous program required to put such controls into effective operation, coupled with the expectation that the so-called police action would be of relatively short duration. We of the Organized Labor Movement felt at that time that the cards were stacked against us, from the passage of the first Defense Production Act in 1950. And that feeling I think was justified by the administration of that feeble attempt at controls.

But, as the saying goes, it is an ill wind that does not blow some good, and I think that the United Labor Policy Committee which was formed in 1950 to present a unified Labor voice in the administration of the emergency legislation was a direct forerunner of the united labor movement which is now being born in our country.

We of Labor firmly believe that, in time of national emergency, all of our nation's resources must be mobilized for the defense of our land and for the freedoms for which it stands. We believe that all of us should sacrifice to meet the costs of defense, and we believe that sacrifice should be equally placed--as equally as possible--on all of us. We know, of course, that there is no sacrifice to match that of a man in uniform who lays down his life. But here at home there should be no favorites, no undue profits. Equality is essential; and we think only justice should rule .

The attainment of this goal is, of course, a knotty problem. It involves definitions; but I think it can be solved. I think it can be

handled much better than it has been handled in the past. This session here today is one important step in the way of solving it. And, as a guest who values the good will of his host, may I make a suggestion to you of the Armed Services as to what you can do to lay the groundwork for an effective mobilization program insofar as your dealings with Labor are concerned?

I noted with satisfaction on the document provided to guide me in the preparation of my remarks today that the subject following the one assigned to me in the "Manpower Extract" is entitled "Full Utilization of the Worker Through Effective Human Relations." May I commend the gentleman who inserted that subject in the program. I think it is of the utmost importance. I think sometimes that we have forgotten all about human relations.

I, of course, am of the Labor Movement. I have been an officer of the local union. I was a member of one of the Regional War Labor Boards during World War II. From every vantage point that I have occupied I have learned a little something about the Armed Forces' need for cultivating the good will of workers and their unions through effective human relations.

May I suggest that you begin the process of cultivation as soon as possible. I must say to you that there is a feeling in the Labor Movement that the officialdom of the Armed Forces is tolerant, at best, of the rank and file worker and of the union to which he belongs. That is a general feeling within the Labor Movement. Oh yes, our people realize that you may seek our cooperation in time of emergency, but in time of peace you often accord to our members the same short shrift that so many soldiers and sailors receive from civilians with short memories.

I have one specific suggestion to make in this respect. I understand that the Armed Services send officers to the Graduate School of Business Administration at Harvard University. If that is true, may I suggest that your representatives at that institution seek out and cultivate the acquaintance of the union officers who are there attending Harvard's Trade Union Project. Last spring, thanks largely to the Assistant Secretary-Treasurer of our organization, who was enrolled at Harvard in the Trade Union Project, there was developed a new spirit of understanding and cooperation between the union officials attending the Trade Union Program and the management representatives attending the Business Administration course. I think a

similar degree of cooperation and understanding among union officials and officers of the Armed Services would be very healthy, and would be very helpful in times of need.

Gentlemen, thank you again for granting me the opportunity to be with you this morning. I think the subject of our discussion is a most serious one. We of organized labor have a stake in this nation and its freedoms which we believe is second to none. When the time comes, if it comes, when once more we must rally to defend our nation and its institutions, we will be with you, cooperating as best we know how, to place our services at the disposal of the country which spells liberty and opportunity and justice for all our people.

Thank you.

MR. HILL: Gentlemen, Mr. Hayes is ready for your questions.

QUESTION: Mr. Hayes, I notice you gave quite a bit of concern to the 500 million man-days of production that were lost due to sickness and injury. I wonder if the labor unions gave a comparable thought and concern to the number of man-days that were lost due to strike.

MR. HAYES: I think the answer is obviously yes; certainly we do, because we don't like strikes any more than anyone else does. In many cases I guess we don't like strikes as well as some industries do. Organized labor certainly does not strike because its members like to be out of work, because we want to cut off the earning power of our people. We can certainly less afford to strike than the industries affected by a strike can.

This is a rather complex question. I would like to go into it--I would be very happy to, because it is one I am particularly interested in. I think I have some qualifications to discuss it. It must be remembered that in some companies organized labor has no alternative but to strike. The strike is not of organized labor's choosing. The strike has been forced on organized labor. The only alternative would be to accept the conditions and the wages laid down by the employer. Many times those conditions and wages are unjust, even in the face of objective judgment.

Do you want me to go further into it? The answer is definitely yes; we are concerned about it. We would like to eliminate all

strikes if that were at all possible. But I hasten to add, we don't want to give up our right to strike.

QUESTION: You indicated in your talk the part that labor plays in the full mobilization of all our resources in an emergency. Would American labor support legislation which would provide for the draft of labor in an emergency?

MR. HAYES: Of course I can't speak for the American Labor Movement--for the entire American Labor Movement. I believe that the American Labor Movement will support any legislation that is necessary to the successful prosecution of a war or the preservation of our democracy. In other words, I believe that, if organized labor is convinced that such legislation is necessary and essential to win a war or to preserve our way of life, organized labor would be in favor of it. You must understand that the American Federation of Labor has changed its position with regard to UNIT, and I think that that is an indication of the attitude of organized labor.

QUESTION: Mr. Hayes, does organized labor have any positive program to support its voluntarism program in time of disaster? For instance, you are a supplier of labor. Do you have any positive program that would enable the furnishing of that labor in a disastrous time program?

MR. HAYES: Unless you would consider that the general policies and practices of the Organized Labor Movement are a program, I would have to answer no. We have some very definite ideas about it, of course.

For example, I can tell you that the general Organized Labor Movement would not be reluctant to give a no-strike pledge in the event of an emergency. We would expect some assurance in exchange for a no-strike pledge that would at least indicate that we would get as much justice as anyone else, as any other group would get, under the circumstances existing in our country at that time.

I might say to you that our program of apprenticeship, which, incidentally, is reflected in some of the reports of the National Manpower Council of Columbia University, I think may be considered a part of such a program, because the Organized Labor Movement has been preaching for many years that we must make more scientists and more engineers, and more of every versatile skilled craftsman

in the country, in order to keep pace not only with a modern civilization but actually in order to keep pace with Russia and her satellites in this world situation.

Strangely enough, the opposition to this program--and this is repetitive, because I mentioned it in passing in my paper--opposition to a program of apprenticeship, of developing more and more versatile skilled craftsmen, comes from industry and business. It is almost paradoxical. It is difficult for us to understand. And, incidentally, the argument that industry and business uses in its opposition is that with a large number of skilled craftsmen, we will probably experience all the problems of under utilization. They are more concerned with under utilization of a development potential than they are with having the skills and know-how in the event we need them in a hurry.

QUESTION: This last year we saw quite a change in regard to the Labor Movement in trying to get and in getting a guaranteed wage, the concept of when a man starts to work he knows that 30 years later he will retire--or basically that. That was a concession. I believe Ford was the one that started it going in a major outfit. How can that be explained against the risk labor is taking--a guarantee at the front door to come out the back door successfully? The industry man has no guarantee as such when he starts. When we establish a plant we have to compete with all other plants, and also for the sale of our merchandise. We can lose it, or we can expand our business. I don't understand labor's views. I know what they are seeking, but, in the element of risk on one side versus the other, my leaning is that management is taking the beating on its side.

MR. HAYES: Well, I guess we disagree on the premise. I don't agree with that premise at all. I think that the general advantages-- I am not criticizing this--I am merely stating what I believe to be a fact--I think the general advantages in the industrial United States are on the side of management and business. I think that labor has been the flexible part of industry and business in the United States. I think that business has used labor in order to maintain a certain level of profit and income. All they have got to do is lay off 500 employees and save so much money in their payroll.

I think that actually the plain people who can less afford--and, incidentally, I think that is a factor you are not taking into account--to be without income are the ones who have suffered most over the

period of our industrial society. I believe this very, very definitely-- that a G. A. W., a guaranteed annual wage, or some method of stabilizing employment--and I think the G. A. W. will bring about more stabilization in employment--will benefit not only organized labor, which has sponsored the development of this type of program or idea; I think it will benefit every segment of our society. I think it will benefit industry and business to a greater extent than it will benefit the workers, because it will iron out some of the peaks and valleys in business. I don't think there is any question about it. I think the proof is already here in unemployment compensation. I think unemployment compensation has eliminated a lot of unemployment that would have existed if it were not for the unemployment compensation laws.

I think workmen's compensation has eliminated many accidents. I know of my own experience of companies that put in safety methods because of the various laws in their states.

I think the effect of a program of guaranteed annual employment-- I prefer to call it guaranteed annual employment--will be of benefit to our entire country; and I see no good reason for industry or business to oppose it in the face of an imaginary ideal.

I think there are practical reasons why certain businesses and industries can't agree at the present time to guaranteed annual employment for all of their employees. I agree with that. But I do think in time to come they can make adjustments in their business practices to avoid excessive unemployment in the country. I think with the guaranteed annual employment we are aiding every segment in our society and the country as a whole.

QUESTION: Mr. Hayes, I think we do feel that you have accomplished your mission in giving us something to think about. My question deals with the strike that was referred to a little while ago. What is the degree of responsibility that the labor unions have with respect to the damage or injury that results in strikes as the result of strike action, or as the result of the action of strikers?

MR. HAYES: I think the same degree as any civilian would have. I think that the responsibility for damage caused by people who are out on strike is exactly the same as the extent of responsibility for damage caused by any individual.

But on the other hand I believe that that is a two-way street. I think that also applies to the company, and that also applies to those who attempt to break a strike--as we noted in the newspapers in connection with this strike in a small plant in Indianapolis, where five of the pickets were shot by strike breakers inside the plant.

I don't think the responsibility changes at all just because you are out on strike.

QUESTION: Mr. Hayes, along that same line, I read a statement in the paper this morning which is somewhat similar to one I have read two or three times before in the past several years. It is to the effect that the union leaders are not responsible for the actions of the union or its members. Would you care to comment on the insincerity of such a statement?

MR. HAYES: I don't think, of course, that it is possible to hold union leaders, or leaders of any type of organization, responsible for the acts of every member of that organization. When you realize that this organization, for example, the International Association of Machinists, has 864 thousand members, we can't possibly screen all these members even with the best type of screening program. One of the military establishments might feel that it could not even find out all the truths and facts about all of its members. We could not possibly assume responsibility for every one of their acts.

It must be remembered that in the investigation by the LaFollett Committee some years ago, in that congressional investigation, facts were developed that various strike-breaking agencies in the United States, various detective agencies--I could mention them by name; they are a matter of record--placed in the labor movement a large number of their operators, and that those operators not only became members but actually became officers of unions; and that their every act was designed to reflect discredit and liability to the union of which they were members. That was the reason for placing them in the unions.

Certainly, under those circumstances, you could not hold the regular officials of the union responsible for that type of conduct any more than you can hold a general responsible for the conduct of all the men under his command.

STUDENTS: Yes, but they do.

MR. HAYES: No, but they don't. I will debate that any time.

QUESTION: I wonder, sir, if you would care to comment on the attitude of Mr. Petrillo, for example, to require a stand-by orchestra when you are going to have recorded music--that type of industrial regulation.

MR. HAYES: I would rather comment on a specific case. I think that question should be directed to Mr. Petrillo. I would rather have you refer to something that happened in our organization.

I can tell you in passing, however, that in most cases those are the exaggerated reports in newspapers. If you can give me facts in connection with one situation, I will be glad to discuss it.

STUDENT: I will do that.

MR. HAYES: I certainly can't discuss it generally. I know from my own experience that in many instances those are exaggerated reports.

QUESTION: Mr. Hayes, why does union labor prefer the right to strike, when in its judgment it is best for the economy to submit the disagreement for arbitration by a neutral arbitrator, the way we carry our cases in law for decision to the neutral court or judge? Why does labor prefer the right to strike to having a case arbitrated?

MR. HAYES: First of all, labor prefers the right to strike because I think it is one of the basic privileges that we have in our kind of government. We are not in favor of changing our kind of government. That is why we are opposed to the Communists. That is why we are opposed to dictatorship.

However, the inference in your statement was not quite correct. In the majority of cases, whenever a dispute arises between organized labor and an employer, the union in the particular cases is willing to arbitrate; and in most cases, when arbitration is not resorted to, the employer refuses to arbitrate.

In other words, notwithstanding our position that we must continue to have the right to strike, organized labor has offered arbitration in far, far more cases than employers have.

In this case in Indiana, for example, the one the newspapers are giving a lot of knocks to, the union has offered to arbitrate, and the company has refused to arbitrate.

In the air transport industry, in all major companies, we agree to arbitrate and they refuse to arbitrate.

That is the general story. Notwithstanding our position that we must have the right to strike, as a concept of our kind of government, organized labor has agreed to arbitrate in more cases than has industry.

Incidentally, I appeared before a committee of the Senate, and I suggested in my testimony before that committee that an agency be established by the Government for settling emergency disputes that affected or that jeopardized the general welfare of our country; and the National Association of Manufacturers, the U.S. Chamber of Commerce, and other employer agencies opposed my proposal that an arbitration procedure be established by law for settling disputes that might be considered to be a national emergency.

QUESTION: Mr. Hayes, this question may require some agreement on premises also--but what does organized labor regard as its mission, and how can it perform it in assuring in time of national emergency maximum production from the individual worker? Now, inherent in this--and this may be the area in which we require agreement on the premises--are the self-imposed, and in some cases the organizational imposed limitations on production--the jurisdictional limitations, which may not be strikes, but work stoppages, and other instances of that kind, which, while they may be in the minority--and for the sake of the question I will agree that they are--are none the less existent.

MR. HAYES: First of all I think that the best answer to your question is a matter of record. Let me refer you, sir, to our record of war production during World War II. I think the answer to your question lies in that record. I think our record of production during World War II exceeded the expectations of the most optimistic. I feel very strongly that the average American worker, whether he is a member of a labor union or not, in time of emergency, with very few exceptions, usually gives his best. I think that was proven during World War II. I think with regard to the exceptions to that, the work stoppages, slow-downs, and so on, that, if we compare those with the

manner in which industry retards production from time to time because of differences with the Government or differences with other agencies, I think you would find that the obstacles placed in the path of production by labor are few and far between, relatively.

I feel that way very definitely, and I think that the record will bear that out.

QUESTION: Many of the gains that labor has made in the past, such as pensions, and so forth, tend to force the worker to stay in the plant in which he is working at the present time. What effect will that have on labor in future mobilization? Will they be reluctant to move?

MR. HAYES: I think we have some problems in that field. However, we found, particularly during World War II, that in a period of necessity it did not become much of an obstacle.

Incidentally, the organized Labor Movement has considered it from even a different angle. That is, we have realized that the better the seniority clauses are, or the more health and welfare plans we negotiate, the more pension plans we negotiate, and so on, the more difficult it is to get workers to take a very definite stand for wage increases and so on, because of the danger of losing that which they have accumulated over a period of years in the shop.

Notwithstanding that, we have not changed our policy in regard to that.

I don't think it becomes a problem in the event of an emergency. I say that because of the faith I have in the average American, whether he be in the labor force or in industry and business. I think actually what I am talking about when I criticize industry and business, and what you are talking about when you imply criticism to labor, are the exceptions.

MR. HILL: Mr. Hayes, I wonder whether you will not agree that the questions which have been asked from our audience have helped you to explain what you have come down here today for. We feel that we are still greatly in your debt for the time and the trouble which you have taken to be with us this morning. Like all debtors, we are apt to like to get further in your debt, and it may be even that we will call upon you again to be with us.