THE ROLE OF LABOR IN LABOR-MANAGEMENT RELATIONS

5 December 1957

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MR. HILL: Admiral Clark, Members of the Class: Our speaker today is probably the first civilian who, while making his first speech before the College, needs no introduction, having been already introduced during the question period of the last lecture.

Mr. Barbash has had a long history of association in the labor movement, and, for those of you who are not students of this interesting phenomenon, the labor movement, you have two kinds of people in it. You have the leaders, the political leaders, such as Mr. Meany, Mr. Reuther, Mr. Hayes, Mr. Harrison, and so on, and Mr. Hoffa. Then you have what is called the intellectual, the person who is sort of like a research person in industry. Many people in the teaching professions occupy similar positions.

Of such is our lecturer this morning. He has written, as you have noticed from his biography, a number of books on labor questions. I think we could not have found a better fitted person to talk on "The Role of Labor in Labor-Management Relations" than Mr. Jack Barbash, who is now a professor at the School of Workers at the University of Wisconsin.

It is my pleasure to introduce to this class Mr. Jack Barbash.

MR. BARBASH: Gentlemen: I believe in the application of the Pure Food and Drug Act to lecturers who talk about labor problems, which means that, in a field so explosive and so loaded with controversial issues, who the man is and where he comes from I think has a good deal to do with what he says, and I think the lecturers, like drugs, should be appropriately labeled.

I am a college professor now, but I come from a background of long service in the labor movement, and with a commitment to the labor movement as a necessary and important institution in our society. Now, naturally, I don't think that that affects my objectivity and the candor and the honesty with which I will talk to you; but you may think so. Consequently, I think it is always a good idea, because it is possible that you may catch on to it as I go along, and I might as well beat you to it, to say so in the beginning. But, in any case, what effect the

environment and the jobs that I have had have on my view, you will have to determine for yourselves.

The topic which the catalog assigns this segment of lectures is a broad one, for which I am grateful. So that, pretty much, you will have to take what I give you on this. The segment that I have carved out here, and which I would like to talk with you about this morning, is the current problems which affect the labor movement. What I am going to do is to cover them once-over-lightly, and then depend on your questions, which I have already sampled, to raise any other questions in this area.

Having dispensed with these preliminaries, let me get into the main body of the talk. Let me say this first. A public-speaking teacher of mine once said that a good talk has three elements: tell them what you are going to tell them, tell them, and tell them what you told them. I am going to tell you what I am going to tell you. I want to discuss first the internal problems of unions; second, the relationship of the union to the total community; and third, a perspective for seeing all of these things.

I think the first internal problem is, of course, the problem of corruption. What are the facts? The facts are that the McClellan committee and other committees have revealed to the public gaze a record of theft, pilferage, embezzlement, avarice, and doubledealing on the part of certain union officers in certain unions. These are the facts.

The second element in the facts is that the labor movement, speaking through the AFL-CIO, had set up, before the revelations, by the way, an Ethical Practices Committee and a series of ethical practice codes designed to deal with corruption, both overt and covert. Mr. Hayes, who, I learned this morning, talked with you, is the Chairman of that Ethical Practices Committee, and the Ethical Practices Committee has done the following things: It has put the Teamsters' Union on notice that, if it does not comply with certain standards set forth in the Ethical Practices Committee codes and in the recommendations of the committee, the Teamsters' Union will be expelled from the AFL-CIO. I think they will be expelled from the AFL-CIO this week; except for a piece which I read in this morning's Times which seems to indicate that, if the Teamsters' Union will eliminate Mr. Hoffa as president and permit the setting up of a kind of receivership in the Teamsters' Union to police the union, the Teamsters' Union may yet save itself from expulsion.

Several other unions have been given notice to cease and desist certain practices. Two Federal labor unions have had their officers removed for engaging in practices incompatible with the moral standards required in the AFL-CIO constitution and in the ethical practices codes of the AFL-CIO.

What are we to make of all of this? First, I would suggest that, if the teamsters are expelled from the AFL-CIO, we are undoubtedly in for a period of interunion warfare. I see no alternative to this, as the leaders of the labor movement see no alternative to this. And in a day when we are passing moral judgments, I think this moral judgment is in order--namely, that a movement, to wit, the labor movement, which expels its largest affiliate, or in any case is threatening disciplinary action against its largest affiliate, is doing a fairly unprecented act in voluntary associations. Here is where my prejudices come in, you see. For example, I would suggest that many of the overrighteous critics in the employers' associations have never heard of a corporation being expelled from the Chamber of Commerce or the National Association of Manufacturers for engaging in unethical practices. Only the normal courtesy and the normal respect which a guest should pay to his hosts prevents me from suggesting what happened to a corporation, from whom you heard a spokesman, when they, too, were confronted with unethical practices.

So I believe that we ought to recognize the terrific wrench which a movement confronts in pulling out, in rooting out, this kind of behavior. To be sure, there has been a public clamor. But there could have been an easier way of doing it. I think that the federation, under the leadership of George Meany--and I don't have to say this any more to hold my job, by the way--has shown courage beyond the call of organizational duty in dealing with this problem. The prospects I think are also for legislation to deal with this problem.

Let me tell you the legislation that I would support and the legislation that I would be against. I am in favor of legislation which would require comprehensive disclosure of union finances on the theme of reporting who gets what, how much, and for what purpose; because in the tradition that I grew up in the labor movement a union officer is performing a public trust and must preserve the same degree of accountability to his constituents that a public official must preserve. So that Union finances and the complete and comprehensive detail ought to be available to the union member as a matter of right; not as a matter

of privilege. Existing laws do not provide for this kind of comprehensive disclosure.

With respect to health and welfare funds I favor the same principle--comprehensive disclosure of who gets what, for how much, and I favor this disclosure, although the business organizations do not favor this part of it--disclosure by all parties to the health and welfare fund, namely the union, management, and, where funds are administered by both. The current drift of opinion in business circles is that disclosure is fine for the unions, but one distinguished spokesman said that for a corporation to reveal its interests in health and welfare funds would be undressing in public. Undressing in public is apparently O.K. for the unions, but not O. K. for the business community.

This kind of legislation I think is necessary and relevant. I think it would be a serious mistake to use the leverage provided by the McClellan investigations to enact such things as a national right-to-work law and such things as legislation putting unions under the anti-trust laws. The plain facts are that all of these nefarious practices would have been possible with a national right-to-work law. The national right-to-work law has nothing to do with it, and the danger of a national right-to-work law is this: that the teamsters and other groups have always used the argument that, when labor cooperates with senatorial or congressional committees, it is digging its own grave because the senatorial and congressional committees are not interested in rooting out corruption; they are interested in undermining the basic strength of the union. If this is actually proved to be the case, it will be inordinately difficult for labor to clean its own house. Labor will always be confronted with the challenge within its own ranks that, when they are cooperating, they are cooperating to dig their own grave. And no institution will voluntarily put itself out of business.

So I think this other legislation is not only irrelevant; it is positively harmful.

A second large question which concerns the labor movement is the problem of democracy in union. The union is a very peculiar animal this way: Democracy is its function. Democracy is not central to the function of a corporation because a corporation is not a representative institution. If a union is not a representative institution, it is nothing. If it does not represent and speak for the interests of its people, it is nothing, and if the force of a democratic government is permitted to deteriorate, then the whole function of the union deteriorates.

What is the state of democracy in the union? I think the state of democracy in the union is good--not excellent, not very good--good. It is very good on the local level. It is just good on the national level. In judging democracy in the union, I think you understand as men of action and decision, yourselves, that a union is a do--d-o--organization, not a talk organization. While it is possible for the Wednesday-night discussion group which meets on Thursday afternoon to have infinite discussion about a particular problem, the unions are engaged in a--war is the wrong word--an enterprise, in collective bargaining with management. Times come when quick, decisive action is necessary, and you can't call the boys together every time you need this decisive action. This is an aspect of union administration which I would guess you men in this room ought to be familiar with.

And so the problem is a very difficult one, because, at the same time that the union is a do organization which frequently needs to have quick, decisive action, it is also a political organization, political in the sense that it is representative, that it needs to create mechanisms to get the views of the members and to transmit union policy into the ranks of the members. It is an inordinately difficult problem and, against the background of the nature of the problem, I think the unions are doing a good job. I think they can probably do a better job. And I want to suggest one perspective for you to look at this thing.

The word "oligarchy" has become very fashionable in certain circles. I think this is a loaded word and is meaningless. Everybody knows that, when you've got a group of more than five people, you will have a smaller group inside the larger group doing the creative work of leadership. It is just impossible for a group of 1,000 people, or 100,000 people, to do creative work in leadership. This is the whole notion of representative government. The test of democratic government is not whether there exists "oligarchy;" the test is--because every organization has to be oligarchic in this sense, in that a small group of people have to run the show--whether this inside group is responsive to the needs of the larger group. The test is whether the mechanisms exist for the larger group to change officers if necessary. The test is whether the mechanisms, the processes, and the intentions exist for the small group to be responsive to the larger group. And on this ground I think that the unions probably deserve a C plus. I think it could probably be B, or B minus. You see how easily I fall into the academic jargon. I think this can be improved.

But the job that the labor movement has been confronted with is an enormous one. There are 18 million people in unions today. There were 3 million 20 years ago. The problem of digesting, or absorbing, such an enormous increase, has meant that the creative development of democratic techniques has suffered.

Now, what shall we do about democracy in unions? According to my view, democracy is a subtle and elusive thing. For legislation to undertake to spell out the ingredients of democracy which all unions should conform to, in my judgment, would be a worthless and unnecessary enterprise. It can't be done, because democracy is the way people feel about their organizations. You can't legislate sentiment.

I think, however, that this kind of legislation is in order, because I believe that democracy can function only when all of the facts are on the table and available. I think that disclosure with respect to union finances would be the greatest contribution that we could make by way of democracy, and I think that disclosure has to be done by statute, because the labor movement is sufficiently large that it can't be done in other ways.

A third internal problem is the problem of organizing; organizing the unorganized. The situation is this: that there are about 18 million people in unions. This represents about one-fourth of the labor force, and, I would judge, somewhere between 40 and 50 percent of the potential union organization. You have to exclude the self-employed, the doctors, and the lawyers. There are groups that just don't, in our sense, join unions--although they may call them other things, but they are not unions with quotes around them. For example, the American Medical Association is as effective and as powerful a union as any labor organization. As a matter of fact it is more so. The American Bar Association is another good example of a union, although I am sure that if a member in good standing of the bar association were confronted with the possibility that the bar association was called a union, he would stand back in great horror. But, of course, that's what it is; and it is good that it is, because this is the nature of democracy in a large organization--the development of voluntary groups to protect their economic and social interests. But I am suggesting that it is about 40 or 50 percent.

The truth of the matter is that what has happened to union organization is that from 1933 on it has risen like this (writing on the blackboard), and has virtually remained here--or perhaps I ought to give this line an upward swing here. As they say on a television program, which

shall be nameless, union organization has virtually reached "a permanent plateau," from 1947 to 1957. This is all the more striking when you bear in mind that the labor force has continued to grow. From 1933 on, union membership and the labor force ran pretty well together, until this period here (1947 to 1957).

What is the challenge of organizing the unorganized? First, it is a regional problem, namely, southern mass-production industry, and particularly southern low-wage mass-production industry, and specifically the southern textile industry and the southern furniture industry. This is the problem of organization. Second, the white-collar force is about 17 percent organized. Curiously enough, in this white-collar force, if you include the professionals, it is the professionals, the people who have the highest white-collar skills, that are the best organized--the airline pilots, the airline engineers, the actors, the musicians, the highly professionalized artistic crafts. It is the mass-production worker in the white-collar field that is largely unorganized.

I think that the question of organization in the white-collar field is rapidly approaching a period of decision, because this technological phenomenon which we call automation is drastically reordering the concept of work. The traditional notion of the white-collar worker was the fellow or the girl with the white collar sitting outside of the boss's office and sharing--perhaps vicariously--but sharing--the power that came from being next to the boss. Automation is drastically changing the work place of the white-collar worker. The white-collar worker is being subjected, as a result of automation in banks and in insurance companies, to the same kind of industrial discipline--the business of working together at routine tasks which are measured, standardized, evaluated, and analyzed in the same way. And the great boast of the white-collar worker that kept him out of a union was that he could be his own boss; he was an individual.

Automation, for better or for worse, is destroying individuality. If you think that I am exaggerating this, take a look at what is happening to organization among engineers--perhaps the most highly skilled professional craft. Organization, perhaps not of the traditional union kind, is burgeoning at a fast rate. What is happening? The engineer, out of college, is discovering that, instead of the brave new world which he was led to believe would greet him when he left college, he is being confronted with a work situation where he is working with 200 or 150 other engineers, where his work is being measured, and standardized, and analyzed. He is being treated as a mass-production employee.

Well, as a student of labor history, I am prepared to say that these are the ingredients out of which unions are built. Unions are not only built because workers want more money; they are built out of the frustrations of the job. And there is an irrevocable rule that the more people that work together, the more people in an enterprise, the greater the frustrations are. It is natural. If I may proclaim Barbash's law on this subject, there is an almost geometric progression in this kind of situation. While it is possible for an employer with one employee to settle his problems on a face-to-face basis, it is not possible for 200, for 1,000, for 5,000 employees. The lines of communication bog down. It is no longer possible for the employee to see the employer as a human being, as an image. It is the corporation, you see. All of these things create problems for labor-management relations.

What I am suggesting is that the white-collar worker on a wholesale scale is now confronted with these kinds of challenges to his traditional status. And I think the white-collar worker will get into unions. Whether they get into the AFL-CIO depends on the resourcefulness, the imagination, and the creativeness that the labor movement shows in dealing with the white-collar worker. Obviously, if you are going to organize white-collar workers, you can't organize them like steel workers or like garment workers. Each industry demands its own skills, its own insight. But I think the period in labor organization of the next 5 or 10 years ahead will be the period in which white-collar workers will consistently turn toward some form of economic organization, just to respond to the pressures of the job.

Another complicating problem in organization, of course, it goes without saying, is the climate generated by these investigations. It is impossible to organize in a climate which may be hostile in any case, when the front pages carry a spread with stories of corruption and racketeering. But there is even a more fundamental problem than that, and I think that was revealed by the McClellan investigations into the Shefferman enterprise.

There are two types of antiunionism--covert and overt. The overt antiunionism is the right-to-work law, the use of free speech under the Taft-Hartley law. This is open and above board, although it is deplorable, because I think unions are good for management. Nevertheless, you can see it. The covert type of antiunionism is illustrated by Mr. Shefferman's operations. The tactics, the techniques involve the attempt to buy off secretly the officers of a union that is trying to

come into the plant, and setting up a dummy union. These are all the tactics used by Mr. Shefferman in behalf, among other places, of the Sears Roebuck Company. Although we suspected it, we were not sure, and it was a mass-production enterprise. Mr. Shefferman ran an operation running into many millions of dollars.

These are very sizable obstacles in the general climate and the systematic, refined techniques which have been perfected to come back to unionism.

Finally, there is the internal problem of jurisdiction, the problem of internal warfare between unions. Now, we ought to set this jurisdictional problem in perspective. In an audience like this, I don't know if you call it that, but you recognize, I am sure, the problem of jurisdiction. Since there are 18 million people in the labor movement, there is no reason why the labor movement should be different from the armed services--or doctors claiming that somebody else is doing their work. The problem is not the fact that there are rival claims to work. The problem is that these rival claims break out into open warfare. It is to be expected, and, in fact, this kind of rivalry is good, not only in the labor movement, but generally. But, when this kind of rivalry breaks out in the form of a picket line by one union in effect against another union on a construction job, it is bad. It is bad for the employer, because he is an innocent third party; it is bad for the union, because it is breaking down the kind of solidarity which the labor movement needs, and which has always been an essential ingredient of organized labor; it is bad in terms of the public interest.

Here again I think we have been making considerable progress. As a result of the merger, we have set up several quasi-judicial mechanisms providing for some kind of impartial settlement of contending jurisdictional claims, and I think we are beginning to see the way out of this whole jurisdictional problem.

So, in terms of internal problems, I have talked about corruption, I have talked about democracy, and I have talked about jurisdiction.

Now I would like to spend a few minutes on the question of what I would call the external problems--the relationship of the unions to the total community. First, I would say that new collective bargaining developments are ahead--not perhaps new altogether qualitatively, but certainly giving extra dimension to traditional collective bargaining

objectives. I would say that the question of automation will bring in new collective bargaining techniques to deal with this challenge. It seems to me that the unions are already trying to work out devices through collective bargaining, by way of dismissal pay, by way of provisions for transfers of workers laid off in a plant which is shutting down and transferring operation to another place, severance pay, and so on, to ease the burden of transition. This much I think can be said; that the labor movement never again, if it ever has, will stand in hostile opposition to technological innovation, for a variety of reasons--out of a sense of social responsibility, out of a sense that this opposition cannot be sustained for any period, and that the union ultimately loses in this kind of opposition to technological change. But, for whatever reason, it seems to me that the unions are saying, "We have to deal with the problem of automation, but deal with it constructively."

Now, I think the unions are on sound moral ground in saying that the human consequences of automation ought not tc be borne solely by the worker. I don't know of any law in morals or in ethics that says that technological innovation should be pushed to such bitter extremes that it results in major human dislocation. This is permitting the machine to become the master of us. So it seems to me that the problem of automation, as seen through the collective bargaining route, can be dealt with by management and unions sitting down and attempting to work out the ways in which the impact, the human impact, of major technological change can be eased. One of the reasons that we have not been hearing about too many technological horror stories of whole communities being disrupted, I think, is due to the kind of vehicle provided for by collective bargaining to ease the transition period. To be sure, full employment had a good deal to do with it. If these major technological changes took place in a period of depression, it would not be economically possible for management to deal with these problems in as humane a way as it perhaps would like to do.

I think the downturn in the economy--and since I left my crystal ball in Madison I am not prepared to say how much--will have very substantial implication for collective bargaining. It will, I think, toughen the resistance of management to union demands; it may be that management will resist rather more strongly than it has in the past the union demands for wage increases.

Finally, I would say that the major breakthrough in collective bargaining qualitatively will be in the field of health and welfare.

Although great strides have been made in health, welfare, and pensions, particularly in the health part of it, it is becoming increasingly apparent that the traditional ways of dealing with the health problems of workers through insurance companies, through indemnity schemes, is not adequate. Increasingly, unions are looking toward some kind of service program, because they discovered this very practical situation--that the union negotiates a 10-cents-an-hour increase for the health and welfare fund, and this 10 cents an hour makes it possible, let us say, to raise the price of the amount paid for an appendectomy from $75 to $100. Then the union member goes out and gets the appendectomy which cost him $100 before, and, lo and behold, he discovers that some kind of escalation principle has begun to operate, and the appendectomy in the community which cost $100 has now gone up to $125. I think the union people have become convinced that the way to better health care does not lie in the direction of simply increasing the amount in the surgical procedure schedule. So I think that the labor movement is taking a whole new, fresh look at new ways of dealing with the problem of health of the worker through collective bargaining.

There are a couple of other problems that I will mention in passing, just in order to keep within the time that has been set. There is the question of the wage-price inflationary spiral. Are wages responsible for inflation? I must tell you that I can think of no more useless question. These are the facts: First, we do not have the facts. We cannot demonstrate one way or another that wages are responsible for inflation. The statistics are not at hand. The state of the statistical arts are not adequate to give you a conclusive answer to this question, or even a good answer to this problem.

Secondly, suppose it were true that wages were responsible for inflation. What do you do about it? What do you do about it in a free society? Obviously, our kind of free, private enterprise cannot function on the basis of sacrificial bargaining. You cannot say to a businessman, "Keep prices down even though you can get more." It is not practical, and it won't work in our kind of a free society, to say to people, "Out of your own good will, ask for less." It won't work. If this won't work, then, should you have laws regulating wage increases and price increases? I give you my personal opinion. The answer is no. If you do this, you are going a long way toward establishing a controlled economy. To be sure, we do this in wartime, but this is an emergency measure. What people will tolerate in a crisis--and we know what difficulty we have had with wage and price control even in a crisis--and a democracy ought not to pass laws which it knows cannot be enforced--they obviously will not tolerate in peacetime.

What is the answer, then? The answer lies in the Government exercising its own authority in the field of fiscal policy, in the field of investment. As a matter of fact, the Government has done so, but, in my judgment, in the wrong direction. In my judgment, the credit policy of the Board of Governors of the Federal Reserve System is pushing us into this recession. You know what a recession is. If somebody else is unemployed, it is a recession. If you are unemployed, it is a depression.

How about the question of labor monopoly? Have unions grown so large that they constitute a labor monopoly, and therefore ought to be regulated under the Sherman Anti-Trust Act? I think the use of the word "monopoly" in its traditional form, as applied to unions, is wrong. A monopoly, by definition, is an institution which can set prices on its own. Wages cannot be set by the union alone except where the two parties agree. And there is no law which prevents the employer from saying no. Many unions who have insisted on a demand have had to back down after a strike. The unions are not so powerful that they can overwhelm any employer. And, by the way, the strike is a very costly weapon to the union and to the individual. The strike is a weapon which results in loss of wages to the workers and loss of income to the union. It is a step which is not taken lightly.

I would say, in my judgment as a student of the labor movement, that the strike is the one weapon which has been democratically exercised, and probably, if leaders didn't sit on the lid, there would be more strikes than we have now. The image of the strike-happy union leader stands the correct perspective on its head. It is the union leader who typically is in the position of sitting on the lid, trying to resist the pressure for striking by the people in the membership.

Are there big unions? Of course there are big unions. But, if a union is going to do its job, how can you have big corporations without big unions? Big unions came because there is a General Motors Corporation, because there is a General Electric Corporation. You can go step by step and see that you've got the big unions in precisely the industries in which you've got big business. Of course unions are not terribly big by management standards. My guess is that the assets of all of the unions in the United States combined are probably less than the assets of any one of the first 10 corporations in the United States--any one of the first 10.

The stock in trade, which some union leaders have to be reminded of occasionally, is that the union is not a treasury. The stock in trade of the union is the morale of the people who are part of it--the devotion, the commitment, the sense of mission. That is the stock in trade of the union.

You can see easily that the auto workers' union has 1.5 million members, or thereabouts. Let us say that all of the people in General Motors went on strike--about 400,000--and, if they paid them $25 a week--400,000 times $25 a week would be $10 million. That would be $10 million a week. For 10 weeks it would be about $100 million. Some strikes have lasted 13 or 14 weeks. They didn't pay those kind of benefits. Suppose we make that $10 a week. That would be $4 million a week. Obviously, no union has the money to do the kind of job which is necessary. If it relied on money it could not function. So it relies on the morale of the people, the way the people feel about the union, and the way the leaders feel about the people whom they represent.

Let me wind up. In order to put this thing into proper perspective, let me suggest to you that, in my judgment, the unions have done a stunning job of representing their people. I think collective bargaining has not only been good for the unions--it has been good for management. I dare say that, to take management and the mass-production industry and confront them with the possibility of going back to the days when there were no unions, to the days of the labor spies and the provacateurs, when systematic terrorism was the order of the day--they would not return to it. They would not return to it because they have, I think, recognized in collective bargaining a vehicle that, despite its headaches, despite the strikes, despite the racketeering, despite the corruption, provides a method by which civilized people can sit down and discuss their problems through channels, instead of dealing with the workers as a mob, as an undifferentiated mob.

Collective bargaining, I think--although the different parties would probably take different approaches as to what they expected to get out of collective bargaining--as such has been established in the United States not on ideological grounds but on practical grounds. Those of you who get around to mills and plants and factories of the Nation, I think, must sense what the unions have meant to workers, particularly if you are in a position to compare them with what happened before. I am not romancing the subject. I don't think I ought to before a group of this kind. But workers do have a feeling that they can't be pushed around,

that they do have access to channels, that they do have a sense of belonging. Some have it more, some have it less. But an enormous job has been done.

That there are problems I think we should expect. That the labor movement has to face up to these problems, we must also expect, and hope. But, that the story is only corruption and labor bosses, I think would not be an accurate description of the total situation.

Just to wind up on a note of the brave new world: What for many kinds of societies has taken a bloody revolution we have achieved by relatively peaceful means. If you think that the development of collective bargaining, and the growth of unions, and the acceptance of the relationship between those who work and those who direct is not a revolution because it has not been accompanied by fire crackers and cannons, you are wrong; because it has been a revolution, a revolution in thought, a revolution in approach, a revolution, a peaceful revolution, and none the less a revolution because it has been a peaceful revolution.

This is a tribute, I think, to the flexibility of democratic mechanisms and the commitment to democratic ideals. I doubt whether there are more than five or six countries in this world that have the "give" to take this kind of thing in their stride. I think we have some moderate grounds for pointing with pride, even though the posture of the present moment is viewing with alarm.

I would like to suggest to you in conclusion that, insofar as I am a missionary here, at the same time that you view with alarm you will also see the background of this larger picture which I think has been revolutionary and which has benefited all of us.

MR. HILL: Mr. Barbash will attempt to answer your questions.

QUESTION: Sir, sympathetic types of strikes have occurred in the past--for instance in the stevedores' union--which have resulted in strikes along the Atlantic, the Gulf, and the Pacific Coasts, and have spread to Hawaii. These have paralyzed our economy at times, and have created a tremendous amount of public resentment. Don't you think legislation should be passed to outlaw this type of strike?

MR. BARBASH: No. I'll tell you why. If an employer who is struck has the right to shift his struck work to a nonstruck plant, why

shouldn't a union which is striking ask fellow unionists not to handle the struck goods? I don't suggest that they ought to get legislative support for doing so. As to the inconvenience, democracy, sir, is an inconvenience. All strikes are inconvenient. But this is the price we have to pay. A scarcity of goods is an inconvenience. An advertiser who engages in misleading advertising is hurting the public interests, but I would be against any wholesale regulation, because I think the effect of it would be to throttle the whole business. So you have to draw the line as to the point of legislative intervention.

I'll tell you where I would draw the line. Where a union, in collusion with an employer, uses the strike weapon against another employer or against other workers for no reason at all except that they want the workers rather than the other union to have them, I think this should be illegal. It is in fact now illegal under the Taft-Hartley law and under most State laws. But a situation in which workers are being asked not to handle the struck goods, it seems to me, is justifiable ethically and morally, because the workers who are handling the struck goods are acting as strike breakers just as surely as if they walked through that picket line.

To be sure, the workers who are engaging in the sympathetic strike are engaging in a calculated risk. I don't say that their jobs should necessarily be protected, but, if they want to take that risk, then there should be no law which would prevent them from taking that risk.

This is the price which we pay for being in a democratic society. It is inconvenient, just as I say a strike is inconvenient. I would outlaw certain kinds of sympathetic strikes, as I have indicated; that is to say, where the strike or the boycott, as we call it occasionally, is being used as an instrument of interunion rivalry. There I would outlaw it by law. And 95 percent of these strikes are outlawed currently.

QUESTION: I think we are all with you, Mr. Barbash, in admiring the apparently increasing amount of responsibility evidenced in the decisions of the unions. Yet it seems to me there are many examples of irresponsibility in protecting workers who are incompetent, drones who work against the interests of management, and encouraging people to produce less at a higher wage. Another example that comes to my mind is the example of protecting the employees of a small employer when many of those employees do not want to join the union. One such example is the Kohler strike in your neighborhood.

MR. BARBASH: You have raised two questions. One is the question of unions protecting drones. I am against this if you can tell me how you define a drone. I don't know how you can do that, really, and the union does have a responsibility to protect the job interests of its people, particularly of its older people who are no longer able to work as efficiently as they did. If we accept the concept that depreciation and obsolescence are a legitimate charge on the business for machinery, why are not the depreciation and obsolescence of human beings a legitimate charge? I think however, that, depending on the nature of the relationship between the union and management, it is possible to work this thing out. I call your attention to the fact that the toleration of drones does not only exist in the collective-bargaining situation. Let us not talk about the armed services, of course. Let us talk about private industry. I am sure that among the executive echelons a fellow is kept on a job because he is a brother-in-law of the Vice President in Charge of Fig Newtons or something like that. He is kept on the job although he has seen better days. I think that is right. I think it is wrong to push the concept of a market economy to such extremes that the only test is the efficiency which a man can give to the job. There are human values. On Sunday we pride ourselves on our respect for the human values. What are human values relative to the work situation? It comes to be a matter of judgment.

Generally we find that where we have an unsettled collective bargaining situation we have more complaints on issues. There we also discover that frequently there is a direct relationship between the fellow who is inefficient and the guy engaging in union activity. So the business of being inefficient may be the good reason but not the real reason. All of us know when we are confronted with a controversial issue that there is always a good reason and always a real reason. It is the essence of managerial wisdom to distinguish between the good reason and the real reason.

The second question relates to the question of coercing workers who don't want to join the union. Of course that was not true in the Kohler situation. They got the majority of the workers out on strike. I put the problem to you in this fashion: If there is a group of workers who refuse to join the union, and by their refusal to join the union they endanger the working standards of the whole industry, what happens? Let's take an industry. A, B, C, and D are organized. They are working under decent standards. E is unorganized. A, B, C, and D say, "If you don't go out and do something to organize E, we can't make a good contract." So they go out. They put a picket line on. This is known as organizational

picketing. I think that, within the kinds of economic weapons which are permissible in a free society, this is a permissible economic weapon.

QUESTION: Mr. Barbash you mentioned the possibility that in the teamster situation the AFL-CIO might employ a receivership. In connection with this question of receivership I notice that, in the hearings before the McClellan committee, there was testimony to the effect that the international officers of the teamsters themselves had, on a corrupt basis, used the receivership technique to get rid of officers at the local level who would not conform to their will. They put in receivers who effected the looting of treasuries and who effectively kept democratic action out at the local level. In many cases, when the local people tried to get rid of the receivers, the courts upheld the receivership. Can you clarify this? Just what is the receivership situation in the unions? In other words, when can the receivership be used, and what is it that puts the receiver in a position to defeat the will of the local officer over whom he has been put in that position?

MR. BARBASH: There are again really two questions here. The first question relates to my use of the word "receivership" of the Federation in relation to the teamsters, which was, I hasten to add, a loose one. It is not the same kind of receivership which an international union puts on a local union. Usually it refers only to a kind of inspector on the job who would see that the standards which the Federation had prescribed for cleaning up the situation would be complied with. That's all I had in mind--not the systematic receivership which an international union applies to one of its local unions.

Your description of the teamster receivership situation is accurate and is a very good summary of the situation. It is precisely what happened. They did use the receivership to bring dissenting groups into line. This is being used in other unions for the same purpose. But because the thing is abused should not color our judgment as to its essential function. The essential function is this--that an international union is composed of local groups. A decision is made. Like in any other group, the local union must comply. If it doesn't comply, then most international union constitutions provide that the national union can send in a representative to run the affairs until it does comply. Now, to be sure, most of the time this is a legitimate enterprise. For example, frequently it works the other way around. A group of local union officers are looting the union treasury. The international union steps in at the request of the rank and file and cleans the situation up, and then turns back the union to the local officers.

This is a substance that was lacking in the teamster situation. They never turned it back. There is another union that is now in the process of being investigated by the McClellan committee. Over the operating engineers in the mine works, the receivership or the trusteeship, which was a temporary jurisdictional device, has become permanent. For example, John Lewis has had provisional governments in some of his districts for almost 25 years, which is even pretty long for temporary or provisional government. It never lasts more than 10 years.

The same thing exists in the Teamsters' Union. That is an abuse. Some unions have used this in order to get compliance; for example, unions bargaining with a large corporation, where a local union sets itself against the policy of the national union established by the majority in convention. It decides to defy it. Now, we must respect the rights of the minority, but we must also respect the rights of the majority. It should not be possible for a small group to frustrate the majority interest.

The receivership device, just as in government, is a device whereby you compel compliance by taking over the job. But it has been abused. What you do about it I am not sure. So again I rely on my disclosure principle. I think as a beginning, until we know more about the problem, if a national union establishing a receivership were compelled to publish the reason the unions are under receivership, and how long the receiverships are lasting, this might be a deterrent to establishing them on an unjustified basis.

It is possible that we may have to play around with substantive legislation. I am not sure of that, and I would want to explore that further. It would be legislation to prevent a national union from maintaining a trusteeship for more than a year without going to a court and getting permission.

As they say on another TV program, I would like to "gets the facts, ma'am." We don't know too much about it. Pretty much, what has been paraded before the McClellan committee has been the pathological example, and we have learned through the Taft-Hartley law that it is very bad to pass a general law on the basis of the pathology of the situation. You can point in the Taft-Hartley law to a Petrillo provision, to a John L. Lewis provision, to a Building Trades provision. Since we are a cozy, intimate group, I will let you into a secret. All of the

activities which Petrillo, which John L. Lewis, and which the Building Trades are carrying on are still being carried on, because some of them are justified and should not have been eliminated in any case. The second piece of wisdom in legislation is, namely, that because an evil exists there is not always an appropriate legislative remedy for it. It is the old business that sometimes the answer to a question is not either yes or no. It has to be somewhere in between. It is sometimes, "I don't know." It is sometimes, "I will experiment." Sometimes it will take care of itself. This is the way we do things generally. So I am not sure that there is a law to answer this question. But I would like to try disclosure, because it is a way for finding out.

QUESTION: Mr. Barbash, I have one question. We have an international labor union, specifically the Longshoremen's Association, which has been expelled from the AFL-CIO. The leaders have been shown to be racketeers, but apparently the membership of that union is willing to accept these men and continue them as leaders. What do you, as a champion of labor, suggest we do about organizations in such a situation?

MR. BARBASH: I wish I knew, sir. I don't know. This illustrates perfectly, I think, that there is not always a legislative remedy. The forms are being complied with, but the substance is clearly not. All we know is that the racketeering elements are still in control. Democracy works best when the people who make it up are functioning wisely. I don't know what we can do when they are badly informed, according to our judgment, when they refuse to vote for the good guys and consistently vote for the bad guys. This is another one of the risks. But I will say that the States of New York and New Jersey have tried to do something to minimize this, and the situation has been vastly improved. The establishment of the Bi-State Waterfront Commission has introduced measures which have decasualized the hiring situation and have improved the whole situation so much that the workers have tended to credit the ILA; and when they had a chance to vote for the ILA against the brotherhood, they voted for the ILA, largely as a result of the improvements in the situation which the Waterfront Commission had to shotgun the union into accepting. But I honestly don't know what to do about that situation.

QUESTION: Sir, we have a gross national product which annually is a certain amount, and that is a pie to be divided up. I feel that there is a feeling among people who are not organized that this pie is more and more going to labor as it gets larger. There must be a feeling of

frustration in those who are not organized as to how much of the pie they are going to get. Are unions aware of this frustration and the fact that it may take the form of antiunion sentiment in public relations?

MR. BARBASH: Yes, they are aware of it, and they are conscious of it. Of course it is also true that you have had a certain halo effect with respect to wage increases given to organized groups casting its reflection on the unorganized groups. For example, the General Motors Corporation and the General Electric Corporation follow the policy, even though their white-collar workers, particularly their office workers, are not organized, of giving them the same wage increases that they negotiate with the organized groups. Then of course the labor movement says there's a very simple answer to this problem--join a union. The truth of the matter is that professional people--and since I count myself as one of them I can be very candid about it--talk too much. In unions there is a lot of yak yak; and there are all kinds of good reasons why professionals ought not to join a union. The real reason is a very old fashioned one, and you don't have to be a Ph. D. in psychology to discover it--they are afraid--just plain ordinary chemical glandular fear, which gets wrapped up in a tight little package. With most of us, that's it. To be sure, some of them are outraged by the racketeering practices in unions, and by corruptions and those sorts of things. But by and large my feeling is that it is fear. That is the history of the white-collar workers, fear that they have to go through the talk stage of yakking it up before they get to the point.

There are two problems here. Obviously, as a representative of the people who elect me to office--if I am a union leader, which I don't happen to be--my people expect me to get what I can for them. Since I happen to like being a union leader, and since if they don't have me they will get somebody who will do it for them, I think that the only answer in this situation--if it is true, which I don't think it is, on any large scale--is to go and organize a union.

I don't know any other answer. Certainly, unions can't do anything about it. The third answer I think the labor movement would give is that labor doesn't always function on the collective bargaining front. The truth of the matter is that the power behind better social security legislation, better workmen's compensation legislation, better--and I know this from first-hand experience--for years the only spokesmen for better appropriations for the colleges and universities were the farmers for the cow colleges and the labor movement for the rest of

the educational system. The representatives of the Chamber of Commerce, of the NAM, and of the business groups were always down there to cut appropriations. Well, even though our educational level is going up, most of the beneficiaries are middle-class people who send their children to college.

QUESTION: You mentioned earlier that one could expect maybe the requirement for the unions to publish the use of their funds. But apparently you don't feel that they should be restricted in how to use them. I would like to have you state what you feel about the idea that you mentioned earlier where they bought stock in Montgomery Ward, and offered to vote in a certain way in order to get certain benefits. What is to prevent the union, without some restriction on the use of the funds--a large union--from going in and buying enough of voting stock in any corporation and then going to the Board of Directors and saying, "All right. Either you give us these benefits or out you go." Then they could take some money out of that corporation, sell the corporation, then buy another corporation. They could buy them off one by one. I don't know of anything to prevent that, without some restriction.

MR. BARBASH: It has never happened that a union has taken over a corporation. Secondly, the AFL-CIO Code of Ethical Practices condemns this. I agree it is wrong, personally. I can't be on both sides of the bargaining table. Thirdly, I don't know if you can pass a law to deal with this situation. What would you say--that a union representative should not be involved in anything that conflicts with his functioning as a union representative? I think this is partially achieved by the enforcement of fiduciary responsibility on the union trustee. To the extent that he is violating his fiduciary responsibility he is subject to the common law grounds of fiduciary obligations. If we need new laws, by all means, let's have them. The same standards of fiduciary conduct of a trustee which apply to the trustee of any other kind of business should apply to the union. If the union man violates his trusteeship, he should be responsible. If he uses the money in violation of the fiduciary obligations to profit himself, he should go to jail. Curiously enough, I haven't heard of any prosecutions going on. Perhaps we need more laws.

On the broader issue, I don't know how you can deal with that. Many unions buy stock in corporations. They buy two or three shares to get the stockholders' reports. That is one way of getting the stockholders' reports. As to unions taking over corporations, I think this is on the romantic side, because these fellows who control corporations like Montgomery Ward and Sears, Roebuck & Co. are not stupid. They

know what the score is. They have maintained control of the corporations with 2 percent of the stock for 65 years. There is no reason why any union group should be more adept in getting stock than anybody else.

This is not a fear which I worry about. I will let you in on a secret. This is in response to a question which was asked you, Sam--if I may invade your jurisdiction. The unions have no interest in management as such. That is a completely false notion. They do not want responsibility for overall enterprise, and they reject it. They have learned one lesson in the history of our own country and in the history of other countries, particularly Germany, and that is, that, if you have the responsibility for determining broad management policy you have to defend it to your members, and if this responsibility puts you in a position where you must show them the financial statement, it becomes quite a luxury for a union representative to be confronted with an argument which says, "Give them a raise. I don't care what your finances are." Suppose he has had a hand in approving that financial statement? How can he then represent his people? So that characteristically, we have learned through turmoil that any interest in taking over management as such is not worth the effort. It dilutes the effect of the union. The unions are interested in management problems as they impinge on employment. They want to have something to say about wages, hours, and working conditions. But sales policy, marketing policy, price policy, by and large, the unions shy away from like a plague.

On the contrary, I have heard many corporation executives say, "We would welcome having a union man on the Board of Directors. He would understand our problems." That is precisely what a union man is afraid of. He doesn't want to understand the problems. It blunts his effectiveness as a representative of the union people.

I don't think this is a real problem. If it were, I would worry about it with you, sir.

MR. HILL: May I, on behalf of all of us, thank you very much, Mr. Barbash, for your patience and understanding in making a most effectual presentation of the problems of labor. Thank you, sir.

MR. BARBASH: I thank you.

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