ORGANIZED LABOR AND NATIONAL SECURITY

1 December 1959

CONTENTS

Page

INTRODUCTION--Lieutenant General George W. Mundy, USAF, Commandant, Industrial College of the Armed Forces 1

SPEAKER--Mr. Albert J. Hayes, President, International Association of Machinists 1

GENERAL DISCUSSION 14

NOTICE

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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 Machinist 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. He is a member of the Board of Advisers of the Industrial College of the Armed Forces. This is his third lecture at the Industrial College.

ORGANIZED LABOR AND NATIONAL SECURITY

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GENERAL MUNDY: I haven't felt that the coverage of labor in the College, at least in the two years that I've been here, is as good as it could be, or as good as it should be. Labor represents a large and important segment of American life, extremely important to our economy and to our security; and I think it behooves us to improve our coverage. So motivated by this thinking, we asked Mr. Albert Hayes, the president of the International Association of Machinists, and a very active member of the Board of Advisers of the College, to help us shape this part of our program that has to do with labor from the viewpoint of organized labor. We will, of course, cover labor from the viewpoint of industry and from the viewpoint of Congress later.

Before I introduce our speaker, I would like to take this opportunity to thank him for his interest in and assistance to the College both in his capacity as a member of the Board of Advisers, for his help to us in our national security seminars out in the field--he has asked labor to participate in these seminars--and also for his lecturing here this morning, and for his selection of the eight seminar panelists who are in the audience, and whom I'd like to introduce at this point. As I call the names of the seminar panelists, will you please stand and remain standing until I call all eight names; and will the class please withhold your applause until all eight names have been called.

Miss Marjorie Bailey, Mr. Peter Henle, Mr. Ted Silvey, Mr. Robert G. Rodden, Mr. Nelson Cruikshank, Mr. J. William O'Connell, Mr. George Watkins, Mr. Paul R. Hutchings.

And now, gentlemen, Mr. Albert J. Hayes, the president of the International Association of Machinists. Mr. Hayes.

MR. HAYES: General Mundy, Admiral Patrick, General Houseman, other distinguished representatives of the military, Ladies and Gentlemen: Before I discuss with you the subject that was assigned to me, I want to commend the Industrial College for giving the labor movement this opportunity to tell our side of the story. There is so much misunderstanding in the minds of the general public--and that applies to the military as well--with regard to organized labor that we need more forums such as this to help us set the record straight.

Therefore I welcome the opportunity to be with you this morning for the purpose of discussing the important, and yet very complex subject of the relationship of organized labor to our national security. I am sure you will agree that this is a timely and significant subject. It involves much more than the physical boundaries of our country and its possessions. Thus I think it appropriate to preface the overall discussion with a brief consideration of what we mean by national security. What is it that we are trying to make and hold secure?

I think we must understand that when we talk about national security, we are talking about our way of Government and our way of life, about security of the rights and the freedoms and the ideals that give substance and meaning to our way of life.

A consideration of the real definition, the real meaning, of national security is especially timely, since there is a growing feeling in our country that too many of our fundamental rights and freedoms and ideals are being chipped away, gradually but dangerously. Should there be some misunderstanding because I am a representative of organized labor. I want to make it clear that I am not referring only to the restrictions that have been imposed on the membership of the organized labor movement through such laws as the Taft-Hartley Act and the recent Kennedy-Landrum-Griffin Act, although there are some restrictions in both laws which a number of people within the labor movement, and many outside the labor movement, believe to be contrary to some of the guarantees of our Constitution and Bill of Rights.

I am not referring only to the rights that are being chipped away insofar as the labor movement is concerned. It is just as dangerous to our way of life to progressively chip away the rights and freedoms of employers, of professional people, and others as it is to chip away the rights of trade unionists. But there is no greater danger to our society than to put legislative limits on the economic freedom of the majority of our people for the benefit of a small, even though powerful, minority. And the evidence indicates that this is being done today.

The abuse of certain rights and freedoms by a relatively few people is being used as a reason to deny those rights and those freedoms to the many, to the majority. There is in motion a trend which inwardly tears down the very values in our society which we are outwardly trying to protect. Such a trend, of course, constitutes a grave threat to national security, for the fact is that we cannot defend freedom by destroying it. We cannot combat communism by copying it.

Since our subject for discussion today is the relationship of organized labor to our national security, let us note first that within the framework of the system we are trying to defend, we have achieved in our country the most skilled, adaptable, and productive work force in the entire world. Sometimes we lose sight of this fact in the competition between management and labor. Let us remember and understand that our work force is a loyal work force, completely unresponsive not only to the appeal of communism, but to any other "ism" or ideology inconsistent with free enterprise, including, of course, fascism or classism.

It is a work force that past experience shows to be completely reliable in time of national emergency. For example, during World War II, American workers broke all past records for production, and all records, past or present, in achieving an irreducible minimum of work stoppage. In the three and a half years after Pearl Harbor, less than one one-hundredth of 1 percent of all scheduled work hours were lost due to strikes or labor disputes. And it should be noted that the great majority of the stoppages that did occur were local in origin and nature and did not have the sanction or support of the national labor movement.

In considering organized labor's relationship to national security, then, I do not think it necessary for me or anyone else to spend time developing the thesis that in time of national emergency, organized labor would make any sacrifice the national need may demand. That proposition is too certain to need restatement.

As I see it, what we are really concerned with today is whether organized labor's present goals and objectives are consistent with national goals and objectives. Stated another way, we seek to determine whether the labor movement, as one of the free institutions in our society, adds to or detracts from America's industrial potential and its ability to carry on a successful war, be it a cold war or a hot war.

The best answer to this question is to try to imagine the kind of country this would be today had workers not had the freedom under our basic constitutional guarantees to form and join trade unions; or if unions had been kept weak and docile under legislative restraint.

It is provable on many grounds that, had there been no labor movement in America, we would never have achieved our present high

standards of production, skill, prosperity, and profit. It is certain that our industry would not be as efficient, our people as prosperous, and our Nation as strong, because the greatest certainty of all is that human progress is never automatic or inevitable, but must grow out of human effort.

We know, for example, that in the early stages of the industrial revolution in America, workers, individually and collectively, were exploited shamefully. Whole families--father, mother, and children--labored in the Nation's mills and factories and mines for 12 to 16 hours a day at wage scales so low that they provided nothing more than the barest minimum needs to sustain life. This is all a matter of historical record.

It is also a matter of record that these conditions were changed, not by natural evolution, but by the hard struggle and effort of trade union action. Through their unions--and with the support of humanitarians outside the labor movement--the workers themselves began a campaign aimed at raising wages, shortening hours, and improving the living and working conditions not only of the members of labor unions, but of all workers.

One of the first things we must understand in any discussion of trade unionism is that the movement was not superimposed upon the American workers by any clique of power-hungry labor bosses, as we have been misled to believe so often in the recent past. Unions were one of the necessities that grew out of a grim economic order in the United States.

In fact, the very formation of unions reflected a typically American response--the response of united action against injustice and tyranny--the Revolutionary War is a very good example of that--and for self-help and self-improvement. And because the need was so great, the spread and the growth of unions could not be stopped. At least, to date it has not been stopped.

It could only be slowed by the many defenses, both legal and illegal, that many antiunion employers and elements throughout the country used in their sometimes desperate efforts to destroy trade unionism in the United States. And efforts to destroy the entire trade union movement were made repeatedly over the years. I refer to such efforts as the blacklist, the yellow dog contract, the injunction, the employer spy, the closed company town, and every other form of economic, social,

and political coercion. But in spite of these efforts to stamp out unionism at the grassroots, the labor movement has been very much a part of our country since the early days of the Republic.

And, unlike the labor movements of most of the rest of the world, the American labor movement is not an ideological movement. In a pragmatic nation labor has developed as a pragmatic movement. This movement has no desire to make over our system, despite much propaganda to the contrary. It seeks its goals within the economic, social, political, and cultural framework of a democratic free enterprise system.

But the question we are considering this morning is whether labor's goals are consistent with the Nation's needs in the broad area on national security. So let us examine these goals and analyze their long-range impact on our national capacity to serve our citizens and to resist the threat that communism poses in this second half of the 20th century.

Without question the primary goal of organized labor in America has been a better standard of living for more and more people. The drive toward this goal has been expressed by typical American practicability, by emphasis on what some writers call the bread and butter issue in labor relations.

The first of these was, and continues to be, good wages, higher wages, wage increases. And the achievement of this goal has unquestionably strenghtened our entire economy. The increases in wages secured by American labor have been good for every segment of our society and for the country as a whole; for wherever organized labor increased wage scales it also increased purchasing power; and purchasing power, when it was first extended to great numbers of people, led inevitably to mass demand, to mass consumption, and thus paved the way for our tremendous mass production system.

Most of us are aware that mass production, which, of course, is another way of describing our ability to turn out guns, planes, ships, tanks, and missiles on an assembly line basis, is actually the real muscle that deters Communist aggression against our Nation. There is less awareness, however, that without the mass consumption that is generated in the economy by the upward pressure of union action on wage scales, such mass production would never have developed in the United States, for the plain fact is that without mass consumption we cannot have mass production.

It is interesting to note too that when effective consumption was no longer limited to a comparative few in our society, but was multiplied by millions upon millions of wage earners, this led to a demand for a greater variety of goods and products, and thus contributed directly to a greater variety and versatility on the part of American industry.

Wage pressures also generated a new concept of labor saving in American industry. So long as labor was cheap, management could afford to waste it. But when workers succeeded in putting a higher value on their labor through organization, management was forced to become more receptive to labor-saving processes, materials, methods, and machines.

We found in this country that fair wages and fair profits are not mutually exclusive. We can have both, and the benefits can be spread throughout every segment of our society. It would seem obvious that if the key to prosperity and to national strength were a cheap and docile labor force, then America would be sending study teams to learn methods of production in India, South America, and the other cheap labor countries of the world and not vice versa.

With only 2.5 percent of the world's work force, America today produces 50 percent of the world's industrial output. This output is not only the result of skill, but of the economic freedom that motivates workers to seek skill.

I would just like to point out parenthetically that the skill, efficiency, productivity, and adaptability of American workers is nowhere more evident than in the industries that are actually the backbone of our national security--the aircraft, electronic, machine tool, automobile, electrical, rubber, and chemical industries. And it is no mere accident that these, our most efficient and crucial industries, are also our most highly organized industries.

Accompanying and supplementing labor's drive for higher wages has been its parallel drive for shorter hours. As I have already indicated, workers once had to toil from sunup to sundown in the Nation's factories, mines, mills, and workshops. Men, women, and children worked 12 and 14 and even 16 hours a day. Although such hours seem incredible to the modern mind, they are not entirely a matter of ancient history. As recently as the early 1920's, for example, the 12-hour day

was still standard in the steel industry. And also as recently as the 1920's which is within your lifetime and mine, very few Americans received vacations with pay. Even fewer got sick leave and holidays with pay.

And let me remind you once more that these things, which so many Americans enjoy and take for granted today, did not come about through automatic evolution, nor because of the benevolence of employers alone. Labor had to fight for the 10-hour day, the 9-hour day, and then the 8-hour day every inch of the way, just as it had to fight for decent wages.

But the fight was made, and no objective person can deny that the fabric of American life is stronger because its goal was accomplished. Shorter hours brought workers into the main stream of American life. They made it possible for them to add their participation and their strength to the workings of democracy at every level. They made it possible for the great majority of the people to join employers and the professional classes in the enjoyment of hobbies, vacations, travel, gardening, and, even more important, increased learning and reading, and all of the other pursuits that enrich our national life.

No one who believes in the principles on which our country was founded can possibly argue that the achievement of the goal of shorter hours by organized labor is inconsistent with national goals. Shorter hours strengthened this Nation in the same proportion that such hours increased the education, health, and employment opportunities of the American people.

A third major goal toward which organized labor has aimed with a definite and direct impact on the national welfare is, of course, in the long and continuing struggle for the protection of workers against premature death, injury, and disease in the Nation's work places. Until unions made the fight for factory safety, workmens' compensation and occupational disease laws, little value was placed on the lives, limbs, and lungs of workers. Even less was placed on their care or on the welfare of their families when in the course of employment a worker was mained or killed.

The fight for industrial safety has been a long and hard fight, and the fight is not yet ended. The introduction of the ever-increasing use of radioactive substances in American industry makes it more important than ever today.

In this connection and in view of the recent uproar over the spraying of cranberries with aminotriozole, it's appropriate to mention that many union leaders for years have been campaigning to have the use of amines prohibited completely in American industry. And, as far as I know, with the exception of a few doctors, trade union leaders have made the only protest against the use of amines because of their deadly hazard to workers. And though amines have been outlawed for use in industry in England since 1951, thus far we have been unsuccessful in extending similar protection to workers in the United States.

Of course it should be understood that labor's goals are not strictly limited to economic or on-the-job objectives. Today most of a worker's life is spent away from the job. Therefore the kind of community he lives in, the kind of housing available to him, the quality of education his children receive--these are all matters of concern to the labor movement; and they all affect national security.

And I might say, incidentally, that there is no other organized group in our society with as direct an interest in such programs as slum clearance, housing, education, and broader medical care for more people than the labor movement. I do not propose to do more than mention most of these programs, and I will let you draw your own conclusions as to whether they contribute to American strength, health, and stability.

But one of these long-term objectives warrants particular comment, because without it we certainly would not be in a position to meet the challenge of communism. I am referring to organized labor's long-term fight for educational facilities and opportunities for every American citizen. Many people in our country are sincerely worried today because the Russians are educating more technicians, engineers, and scientists than we are. Now, I do not underestimate Soviet potential in education; but while we are examining labor's relationship to national security, it is appropriate to recall that the fight for universal free public education in the United States was organized labor's fight from the beginning.

From the early 1800's the labor movement spearheaded the drive for free public education in America. The fight was originally carried on against the opposition of most of those who could educate their childern in private institutions and who failed at that time to connect the national welfare with an educated citizenry.

If the Russians are going ahead of us today in areas of advanced learning, it is not because organized labor has been any less alert to the Nation's need for strengthening and expanding educational facilities. Unfortunately, as you well know, opposition continues to center around certain business groups that are more concerned with balanced budgets than with national needs.

Well, these are a few of labor's major goals; and as I look at them and many others, including minimum wage laws, unemployment compensation, the abolition of child labor, social security, railroad retirement, urban renewal, and aid to depressed areas, I am firmly convinced that every one of these goals will meet the test of consistency with national goals in security, for every one contributes in some way to the health, the strength, the safety, the happiness, and the security of the American people.

It seems hardly rational that in the face of organized labor's multitude of proven contributions to the strength of the American system, we must still fight for acceptance as a necessary and vital part of that system. It is true, of course, that many employers have come to recognize that unions are not merely necessary, but, more than that, are desirable in the work place. But many other employers, and especially the organizations of employers, cling blindly to the traditional posture of antiunionism. They resent any limitation whatsoever on what they call management's prerogatives, no matter how unfairly, arbitrarily, or harshly such prerogatives may affect individual workers.

Unfortunately, this attitude is in the ascendency today. The labor movement in America is under attack at the present time in the courts, in the legislatures, at the bargaining table, and in the channels of mass communication that shape public opinion.

I do not propose to discuss the anatomy of this attack, nor the cynical manipulations of public opinion made possible by the clever use of mass communication techniques. But I would like to comment very briefly on who is attacking whom.

Quite frankly, this attack is being made by a very small but a very powerful minority of individuals--those in control of the Nation's industrial machinery. And it is being made against a movement that directly benefits 18 million trade union members and their families--a very substantial portion of the American public--and that indirectly benefits every man and woman who works for salary or wages.

A look at any statistical tabulation will show the great economic disparity that still exists in this country, notwithstanding propaganda to the contrary, between those on the opposite sides of the bargaining table. Of the 59 million individuals and families that filed income tax returns last year, for example, more than 44 million, or 75 percent, reported incomes of less than $6,000. It is this 75 percent of the population that benefits most from labor's bargaining and legislative goals.

I think these considerations are revelant inasmuch as the attack on organized labor is based on the premise that unions exist separate and apart from the public, and that their objectives are for the personal benefit of a small, self-seeking pressure group.

I don't want to belabor this point, nor can I attempt to answer the many political and economic issues on which organized labor is being attacked today. These issues are too numerous and our time is too short. So I would like to limit the balance of my discussion to three specific issues that General Mundy thought would be of particular interest to you when he first proposed this meeting, namely, and I quote "problems of economic stabilization, especially the wage-price relationship; problems associated with the maintenance of labor-management relations assuring continuity of production of essential items; and labor's position in regard to the oft-heard statement, 'We are pricing ourselves out of the world markets because high labor cost'."

I will admit quite frankly that management has cleverly contrived to convince millions of American people, including many members of trade unions, that unions invented inflation and are almost solely responsible for it. And, of course, the contention that we are pricing ourselves out of world markets because of unreasonably high wage costs is all part of this propaganda attack.

Well, just let me say that if either of these contentions was valid, organized labor would be seriously concerned, since the last thing that we want is to drive our employers out of business. For if we did that, we--the unions--also would be out of business. But these contentions are not valid, and a look at a few facts and statistics will prove they are not.

With regard to inflation, for example, it is a matter of elementary economics that gradual price rises have accompanied economic expansion since the beginning of the industrial revolution. It is also a

matter of simple economics that run-away inflation is most likely to occur only when too many people are bidding for too few goods, in other words, when the ability to consume outruns the ability to produce.

That has certainly not happened in the United States. Instead industrial productivity has increased 60 percent during the past 30 years. This means that fewer workers are turning out more goods every year. And though wage rates are higher than they were 30 years ago, or even 10 years ago, unit labor costs are lower in all manufacturing industries.

As I have indicated, some inflation is normal in an expanding economy. But the inflation we have experienced since World War II is even less than normal. Over the past 60 years, for example, prices have gone up an average of 2.5 percent per year; but in the post World War II period they have risen by an average of only 1.8 percent.

Let me go one step further, however, and point out that even the moderate inflation that we have had since World War II is traceable not to labor, but actually to administered prices within large monopolistic industries. The steel industry, for example, one of our biggest, has raised prices three times more than the amount that would have been necessary to offset all wage increases gained by the steel workers since World War II; and this is in spite of the fact that these wage increases had already been offset by increased productivity. This helps to explain perhaps why steel profits are running at 17 percent, instead of the 6 percent which, according to orthodox rules of economics, is the fair and proper return on the average investment. In the face of these facts it seems obvious that labor is not hurting the economy at home.

But what about the other side of the coin? Are we really pricing ourselves out of world markets? Well, anyone who makes that statement has not studied our export-import balance. Here again it is instructive to take a look at the steel industry first, for we find that last year the United States exported twice as much steel and steel products as it imported. So it would seem that our steel industry is competing very well with world markets; and though the steel managers may complain because 36.3 percent of their sales dollar goes for wages, this is almost exactly the same percentage that is paid for wages in the Belgian steel industry, and it is only one-third more than steel producers must pay in direct wages only in Great Britain. I stress the phase "direct wages" because a factor that is seldom noted when European

wages are compared with American wages is that the indirect wage costs--for social insurance, medical care, and the like--are far higher in European countries than they are in the United States.

Then, too, it should be noted that most other countries pay more for raw materials than we do. For example, while the American steel firms pay only 34.9 percent of their sales dollar for raw materials, Great Britain pays 54.6 percent; and some steel-producing nations actually pay more. This factor in itself more than offsets any alleged wage disadvantage that American industry claims to suffer.

On this point it should be finally noted that any existing gap between American and European wage scales is fast closing. Wages in European countries are going up much faster than they are in the United States. For example, according to a recent official survey, using the year of 1950 as 100 in the index, wage levels in the United States have gone up between 1950 and the present time from 100 to 141. In Great Britain in the same period of time they have gone up from 100 to 165. In West Germany they have gone up from 100 to 166, in Norway from 100 to 169, and in France from 100 to 202.

So it would seem obvious to any rational and reasonable mind that America is neither on the verge of runaway inflation; nor is it pricing itself out of world markets.

This brings me, then, to the final point I want to discuss today, namely, the problem of maintaining continuous production of items essential to national defense. This problem has been rather forcibly injected into public consciousness by the steel strike.

This particular strike has touched off undeniably sincere doubt as to whether we can continue to have free collective bargaining in our major industries and has led to some rather serious recommendations ranging from compulsory arbitration to outright prohibition of the right to strike in certain critical industries. Without going into the merits of the complex issues in the steel strike, and also without underestimating the seriousness of the problems that such strikes pose, I do want to examine the implications of some of the proposed restrictions on the operation of free collective bargaining in a free society.

Let me make it clear that strikes are not an objective of organized labor. They are a last resort. Although many people are aware of trade

unions only when workers go out on strike, the fact is that year in and year out between 97 and 98 percent of all collective bargaining negotiations end in friendly and reasonable agreements without strikes or work stoppages. In August of this year, for example, the man-days lost due to strikes amounted to only 1.4 percent of all worktime despite the steel strike. It is worth noting for the sake of perspective that more production was lost due to the recession last year than was lost due to strikes this year. In view of the anxieties raised by the steel strike, it should be understood that American workers have not abused the right to strike and that they seldom strike over trivial or unimportant issues.

It should also be understood by those who want to limit the operation of collective bargaining and thus the effectiveness of unions that there are only three ways in which wages and working conditions can be determined--first, by individual bargaining between employers and their employees; second, by collective bargaining; and, third, by the Government, by the State.

We have tried individual bargaining in the United States and the workers rejected it. That's why we have labor unions today; and I am convinced that they will never voluntarily go back to it. Thus those who propose to destroy collective bargaining should not delude themselves into thinking that the logical alternative is to return to individual bargaining. No; in our complex industrial civilization, with its massive corporate structures, the only possible alternative to collective bargaining would be State regulation of wages and working conditions.

And to those who believe that this is a desirable end let me point out that when the State, when the Government, intervenes to set wages or to compel men to labor involuntarily under unacceptable conditions, it can also and very likely would intervene to fix prices, profits, and production. In such ways are the freedoms of business, of labor, and of the people chipped away gradually. In such ways we will surely transform our system into an image of the very system that we are fighting. Our challenge today is to find ways to minimize the occurrence of strikes in essential areas of industry without turning to one-sided compulsion and unilateral Government decrees.

As some of you may know, President Meany of the AFL-CIO recently suggested that the White House sponsor a summit conference of top management and top labor to find alternatives which will help labor and

management minimize strikes in essential industries without compulsion or unilateral Government decree. We are still waiting for management to respond. We are hoping they will respond in the spirit in which the suggestion was made, so that management and labor may find and develop areas of agreement and common objectives for the national good.

In a complex industrial civilization such as ours, labor, management, and Government must find ways to work together cooperatively to strengthen the entire economy, so that together and within the framework of the freedoms that we seek to preserve and protect, we may meet and overcome the challenge of communism in the world and help restore a greater era of peace throughout the entire world.

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

QUESTION: Mr. Hayes, I was interested in your statement that one of the results of the efforts of organized labor has been the introduction of labor-saving materials, processes, and machinery. From my reading of newspapers and magazines, and discounting paid advertisements, I could only conclude that labor is being credited with opposing labor-saving machines and processes. My question to you would be, Does organized labor in fact support labor-saving machines and processes; and, if so, how do you propose to utilize the labor that is saved?

MR. HAYES: Well, first of all, the answer to the last question is very, very difficult and complex. But ever since the inception of the labor movement, the labor movement as such has not been opposed to technological progress, has not been opposed to the advent of new machinery and short-cut devices.

In fact, the membership of labor unions contributed in two ways--not only indirectly, as I have already stated, through its pressure for higher wages; but also before we had so many technicians and engineers, the members of labor unions themselves actually developed many of the inventions that brought about new machinery and new devices.

We have never opposed the introduction of these. We have, however, taken the position that we must find a way to deal with the byproducts of technological progress, of labor-saving machinery and devices. We must find a way of providing employment for those who are being displaced by the machines.

Despite the rapid development of automation today, organized labor is not opposed to further technological progress. But organized labor does take the position that we as a society must do something to take care of the adverse byproducts of automation. We must either shorten hours or we must create a greater demand, so as to employ those who are displaced by the machines, because unless we do, we accomplish nothing by technological progress. In the absence of intelligent distribution of work opportunities technological progress will stop at a certain point. We cannot afford to advance technologically merely for the purpose of building an army of unemployed.

Now, how we go about making the adjustment is a matter about which there is some difference of opinion. We think in the labor movement that one of the surest ways, of course, until we find other ways, is to reduce hours. That, of course, is the reason that hours were reduced in the past from 16 to 14, and 14 to 12, and 12 to 10, and 10 to 8. We think, however, that there are other ways of doing it. We think that by increasing purchasing power for more and more of the people we will create enough new markets for goods and services to provide employment for many of the people who are being displaced by machines.

It must be remembered that there are still millions of families in our great country that are still trying to live on family incomes of less than $2,000 a year. This is something that is not generally understood by people. They think that everybody is prosperous in the United States, but it isn't true. There are millions of families--I think two years ago the figure was 8 million families--whose family income was $2,000 a year, or less, which certainly is not sufficient for a decent standard of life.

There are many ways in which we can make the adjustment to absorb those that have been displaced by technological progress. But the answer to your question without any reservation is that organized labor is not opposed to technological progress. In fact, we favor it. We think that we must go further and faster than we ever have before, particularly because of the great challenge that Russia is now posing to our country.

QUESTION: You spoke earlier in your speech about the effect on 18 million people of the unwarranted attack of small minority groups in industry. Would you care to comment, sir, on the effect on these 18 million people and on the labor movement as a whole of the rather

unsavory and unscrupulous tactics that were employed by Dave Beck and Jimmy Hoffa and the Teamsters Union?

MR. HAYES: Yes. I think the effect upon the labor movement was one of shock and one of disappointment, to learn that officials of a labor union had used their position of trust and responsibility for their own personal profit. I can say that I as an officer of a labor union was shocked at that. And the membership of labor as a general proposition feel that the labor movement must do something about it; that we must do everything that we possibly can to minimize any corruption or wrongdoing in the trade union movement.

However, I do not think that I can leave that partial answer stand, because there is much more involved. You see, corruption in the trade union movement--now that I have told you how we felt about it and how we still feel about it--is not confined to the trade union movement. In fact, it is geared to overall corruption in our society. We in the labor movement feel that something must be done about the overall corruption in society, not only about corruption in the trade union movement.

You might be interested in the events that led to the McClellan committee's investigation on the organized labor movement. Published reports indicated that money being paid into negotiated health and welfare plans was being used by some labor officials for their own personal benefit; that they were putting relatives on the payroll as trustees; that they themselves were taking tremendous salaries from health and welfare money; and that in this way the membership dues were being diverted from the real objectives of the labor movement.

We say that wherever this was true, something should have been done about it. We were not opposed to the investigation. But in the same issues of the magazines and newspapers that carried the story, on the same TV and radio programs where this was mentioned by commentators, they also mentioned the fact that simultaneously $3 billion a year was being embezzled and misappropriated and used for personal use in industry and business in the United States--$3 billion a year. They also mentioned the fact that $750 million over a period of less than 10 years had been misused and misappropriated and used for personal purposes by officials who were sponsoring or heading charity drives in the United States. They also mentioned the fact that employers in the United States were misusing millions of dollars that they were withholding from their employees' wages under Federal law. And yet Congress

did not see fit to investigate the affairs of these segments of our society even though--on the basis of these reports--wrongdoing and corruption ran far wider and deeper than it did in the labor movement.

This Congressional bias was borne out subsequently in the interim report of the McClellan committee. For, in that report the McClellan committee said that on the basis of the allegations and the testimony thus far it appeared that approximately $10 million of trade union money had been embezzled, misappropriated, or stolen by trade union officials over a period of 15 years--$10 million--and that's $10 million too much as far as we're concerned.

And yet it appeared to be unimportant to the McClellan committee or to the Members of Congress that Fortune Magazine and other magazines had stated that in business and industry alone $3 billion--not million $3 billion is stolen, misappropriated, and embezzled every year.

We in the labor movement feel that we must do everything that we possibly can do to reduce to an absolute minimum any wrongdoing in the trade union movement. And we do not stop at illegal acts. We say there are many things that are improper and unethical for a trade union official even though they may be technically legal. And we are the only organization, the only institution, in our society today that has established an effective code of ethical practices. Notwithstanding the reports about corruption in industry and business, we don't know of any code of ethical practices that is being enforced in business and industry. So we are in favor of doing whatever is necessary to reduce to an absolute minimum not only corruption and wrongdoing in the labor movement, but wherever else it exists as well.

QUESTION: It seems to me that if you achieve your ultimate goal, the labor movement will probably develop into a political group or possibly a political party. Do you agree with this, sir, or would you care to comment?

MR. HAYES: Well, you made the statement. All I can tell you is, I am not clairvoyant and I don't know what the future holds; but on the basis of the attitude of those who wield the greatest influence upon the membership of trade unions today, there is no indication of a labor party in the United States; nor is there an indication of a third political party in which the organized labor movement will wield substantial influence or prestige.

After the passage of the Kennedy-Landrum-Griffin Bill of course, there has been considerable agitation at the local level for a third party. There has also been considerable agitation for a reorganization of the two existing parties, which would put all the Republicans in the Republican Party and all the Democrats in the Democratic Party. But as things stand at the present time, and as we can project our thinking into the future, I don't believe that there is a possibility that the organized labor movement will either form a labor party or sponsor the formation of a third party.

QUESTION: Sir, there has been a lot of editorializing on the Taft-Hartley law for the past 10 years, and you yourself in the initial portion of your address to the College commented unfavorably on the Taft-Hartley law. Would you be specific on exactly what is in the Taft-Hartley law that is so objectionable to labor views?

MR. HAYES: I would if time permitted, but I think that that in itself is a subject for an entire seminar.

There are many provisions in the Taft-Hartley law, in fact, almost all the Taft-Hartley amendments to the Wagner Act are designed to curb or restrict practices of labor unions. We think it is a serious mistake to continue to chip away, as I said in my lecture, at the freedoms of a free institution in any society. We don't believe, in fact, we know now by trial and error, that many of the Taft-Hartley amendments to the Wagner Act have not accomplished their purpose at all, but they have cost the organized labor movement a substantial amount of money that has been diverted from the objectives of the labor movement.

And if I may--I don't want to dodge your question--but if I may make an interesting point here, again referring to the statement in the McClellan committee's interim report that $10 million of the membership dues money has been diverted from the real functions and objectives of trade unions--this is very interesting--it is estimated by our experts that conformance with, compliance with, the Kennedy-Landrum-Griffin Bill is going to cost the organized labor movement substantially more than $10 million over a period of 15 years; in fact, 10 to 15 times more than that. So it is rather paradoxical that Congress, concerned with the diversion of membership dues money from its real objectives, should consider that it's all right for Congress to divert substantially more than all the crooks in the labor movement have.

QUESTION: Mr. Hayes, it is difficult for the layman to see who benefits from these long-drawn-out strikes, such as the steel strike, if anyone does really. You said that management used to waste labor when it was cheap; but in such a strike as the steel strike, which has gone on now for 116 days, it seems that both management and organized labor will find it very expensive. There must, it seems, be some better, less wasteful, way; and it also seems that if such strikes continue, the Government will be forced to step in and exercise some control. Would you care to comment on that?

MR. HAYES: First of all, I agree with you that all strikes and all work stoppages are wasteful. Certainly they are very costly. However they are much more costly--this is important--to the workers who go out on strike than they are to the officials and the stockholders of a business or industry. And don't think that a worker takes a strike lightly, because it probably changes the entire course of his life. Many workers have lost their homes, they have lost the opportunity to send their children to college, they have lost the opportunity to send their wife to the hospital for an important operation. They sacrifice a great deal in a strike. So strikes are something that are not desired, and certainly workers and industry both and the country lose.

However, how in a democracy can you settle issues between labor and management without becoming a partial dictatorship? That's the big question.

I think that in the normal course of events there must be situations of this kind. They usually work themselves out. This is a part of the price that we pay for the kind of government that we have. We always pay some price for freedom and democracy.

There is considerable discussion, however, as to what should be done in the event of a real national emergency, in the event that a strike in one of our major industries creates a real national emergency. And there is sentiment within the labor movement now for a procedure that can be used to settle the issues between management and labor on a basis that is equitable.

At the present time the emergency provisions of the Taft-Hartley Act don't do this at all. They settle absolutely nothing. They merely provide that workers go back to work for a period of 80 days and hope that in this period of 80 days a resolution of the difference will be found.

It doesn't look as if they are going to be found in the steel industry, incidentally, on the basis of the last report. So then what do you do after the 80-day period is ended?

As things stand at the present time, the only thing that can be done is for Congress to hurriedly pass another law; and all we hope is that if Congress does pass a law that will deal with real national emergency situations, this law will provide a terminal through which equity and justice will be achieved for both management and labor.

QUESTION: The so-called right-to-work laws are on the books in some 17 tates. What effect have these laws had on the labor movement in those States? In other words, have they proved to be the threat that labor claimed they would be in the various campaigns labor used against right-to-work laws?

MR. HAYES: Yes. I think that they prove to be even worse than we considered. Of course when I say that, I admit that they were passed in the States where organized labor had greater difficulty, where there was less acceptance of organized labor than in others. Therefore it's very hard to determine how adverse the effect really was, although it certainly has tended to make employers more opposed to the requests of organized labor. It has made it more difficult for organized labor, first of all, to organize, to settle grievances, to negotiate first agreements or renewal agreements with employers. That has been our experience.

Now, on the other side of the coin, the old adage that it's an ill wind that doesn't blow somebody some good is true. There is a slight advantage. In some areas it has made the labor unions more militant--more militant perhaps than they would have been if there hadn't been a right-to-work law. But this has not been general, because the advantages are still lopsidedly on the employers' side. We have experienced and we are experiencing much more difficulty in the right-to-work States in all of our functions than we are in the other States.

QUESTION: I think you have come pretty close to my question two or three times, but you haven't hit on it directly and I would like to put it this way: Some time ago Khrushchev announced to the world: "We hereby declare war on the United States in the peaceful field of trade." Since that time it has become increasingly apparent that we are in fact now at war with Russia in an economic war, a war which

could be just as bad for our economy, could destroy our way of life, just as well as a hot war. It seems to me that it behooves both labor and management to give some serious thought to this problem, thought in connection with what they can do in their bargaining sessions to avoid creating a national emergency in favor of their own problems of management and labor. Would you comment on that?

MR. HAYES: It was difficult for me to get your question, but I presume that you are talking about foreign trade, export and import trade, and whether or not it would be advisable for labor to forego some of its demands for wage increases in order to put our industry in a better position to compete with Russia in the foreign market. Is that substantially it?

QUESTION: Not directly, sir. I have more in mind, What is labor trying to do in recognition of the national security problem which we now face in terms of the economic war with Russia?

MR. HAYES: Well, of course, it's a very, very complex subject, I suppose. But organized labor has taken the position, and has been active in trying to improve conditions for the workers in the other countries--those countries that buy American products, those countries from which we buy products.

We believe that competition with Russia in foreign markets is inevitable. We think, however, at the present time the United States has a tremendous advantage in technological know-how and in machinery and in general education. We intend to help our Nation keep this advantage.

We feel--and this is conjecture on our part--that before Russia equals the United States in industrial efficiency, we will have solidified our competitive advantage in foreign markets. We certainly hope so.

I don't know whether that answers your question or not. I wasn't quite sure what area you wanted me to comment on. If not, will you get up and make it more specific?

COMMENT: I think that is a sufficient answer.

QUESTION: Mr. Hayes, this is not a question. This is just a comment, very much like this.

You evidenced some concern for the growing opposition to the labor movement. I am an ordinary citizen who is neither a part of organized labor nor a part of management. My only spokesman is the legally constituted Government of the United States. Speaking for a lot of other people around just like me, I would like to go on record as being concerned--and I think this group is concerned--about the terrific concentration of power in a source that lies outside the legally constituted Government.

Just as a final wrap-up of that: You said that you are still looking for any member of industry to accept Mr. Meany's proposal. I would say that the reason for that is that there is no such representative of industry who has equal status with Mr. Meany to speak on the subject. Would you care to comment on that?

MR. HAYES: First of all, I would care to disagree with your first statement, because certainly the president of the NAM has equal status with Mr. Meany. I also disagree with your statement that the labor movement has developed tremendous power and influence in the United States.

I know that that is a general feeling. I know that this is a part of the propaganda against the organized labor movement. This is part of the argument that we ought to be brought under restriction and restraint, that we ought to be brought under antimonopoly laws, and so on. But the fact is that organized labor has never developed the power and the influence that it supposedly has either in the political field or in the economic field.

I think one very good example is the steel strike. Certainly we have never developed the kind of power that could get the steel industry to agree to even reasonable wage increases, or to even withdraw their demands for the cancellation or revision of contract provisions that have been in the steel workers' contracts ever since they had their first contract. We don't have enough to do that.

We represent one of the most crucial industries in the United States--the aircraft and missile industry. The Machinists represent approximately 74 percent of the organized employees, and the UAW

represents the balance of the organized employees in the industry. We certainly don't wield the power to get this industry to give us what we believe their employees justly deserve. We have never been in that position. If we had the tremendous power that some of you think we have, we certainly would have accomplished much more than we have accomplished.

In fact, we have so little power that we could not prevent the enactment of the Kennedy-Landrum-Griffin Bill. In fact in the vote of the Senate there were only two Senators who voted against the bill--the late Senator Langer and Wayne Morse. In the House there were only 51 Representatives who voted against it. So if labor has the power that apparently you and others think we have, that picture would have been altogether different and we wouldn't have the Kennedy-Landrum-Griffin Bill on the statute books of our Government at all.

So I say to you that it's very difficult to comment about something that you yourself know does not exist. I wish we had the power. I am convienced that if we did, we would use it in the best interests of the overwhelming majority of the people of the country. But, unfortunately, we do not.

QUESTION: Mr. Hayes, you commented briefly on the right-to-work laws in answer to the question that was asked. My question is related to that. I would like to know how you reconcile your statement on anticommunism and the rights of the individual and the free enterprise system with the bitter opposition of labor leaders to these right-to-work laws which have been passed in some States and defeated in others.

MR. HAYES: Well, of course, defining the right of individuals in a collective society is a very, very difficult thing to do. I mean, it takes a great deal of thought. I believe that in our kind of society we must have law and we must have regulations. Every law that is on the statute books of the Federal Government or the State governments does restrict or regulate the right of individuals. We cannot have a society, we cannot have anything better than anarchy, without laws that restrict individual freedom and right.

Now, our opposition to right-to-work laws is that a right-to-work law restricts the right of an employer to sign a contract that establishes a condition of employment in his plant. The employer under a basic

right, under our form of Government, has a right to determine the working time, the lunch time, the wages, and the other conditions of employment and the work rules in his shop. Nobody would want to deny him that right, and I am sure you wouldn't want to deny him that right and say that the individual worker has a right to do what he pleases in a plant. That is on the ridiculous side.

So we say that though an employer must have these rights in order to efficiently operate his business he must also have the right to agree with a union that anyone who works in his establishment and who benefits from the conditions of employment negotiated with the official representative of his employees must pay his fair share of the freight. We say the employer must have that right in our kind of society.

In fact, we believe that right-to-work laws violate one of the constitutional guarantees, because, first of all, the proponents of right-to-work laws resorted to trickery when they conceived the title. A right-to-work law gives no one a right to work. There is no unemployed person in the 18 States that have right-to-work laws that is guaranteed a job because of the right-to-work law. In fact, most of these States don't even provide him with adequate unemployment compensation. We know that the only real purpose of these right-to-work laws is to weaken the effectiveness of the organized labor movement.

MR. HILL: Mr. Hayes, you have come down a number of times to be with us and to state across the table the views of labor. I can assure you, sir, that this class is most fortunate in hearing your comments at this particular time. I know General Mundy would want me to thank you personally for him and for the faculty and students.

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