

PROBLEMS OF ORGANIZED LABOR

17 January 1964

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NOTICE

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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 Northern Western Railroads. He has been active in the International Association of Machinists since 1924 and has been its president since 1949. He was a member of the War Labor Board; Assistant to the Assistant Secretary of Defense, 1951-1952, Labor-Management Manpower Policy Committee, ODM; Labor Chairman, American Red Cross, 1952; Member, Columbia University National Manpower Council; trustee, National Planning Association, Washington, D. C. He is a member of the Board of Advisors of the Industrial College of the Armed Forces. This is his seventh lecture at the Industrial College.

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ADMIRAL ROSE: Every year it is our custom to invite a distinguished representative from labor to come to talk to us about the problems that exist and what goes on in negotiations between labor and management. For many years we have had a gentleman who is a friend of this school, who is a very respected member of my Board of Advisers, and who is President of the International Association of Machinists. We are indebted to Mr. Hayes for his contribution to our College.

Accompanying him today are people whom you will see later on in the panels and seminars; they are 12 of his associates.

It is a great pleasure to welcome Mr. Hayes back to this platform. He has been here many, many times and we are glad to have him here this time. Mr. Hayes.

MR. HAYES: Admiral Rose; General Stoughton; Other Distinguished Representatives of the Military; Students of ICAF; My Own Colleagues: My colleagues and I are happy to again have this opportunity to come to the Industrial College of the Armed Forces. As Admiral Rose has already told you, this is not the first time that we have been here. We have been coming here for a number of years on similar occasions to meet similar classes of your predecessors. Our purpose today is twofold. First, I suppose we quite naturally hope that after today some of you may have learned that just as every businessman is not a Billy Sol Estes, so every union leader is not a candidate for Sing Sing either.

From our past experience here at ICAF we know that some of you at least approach this session with a core of sometimes deeply-rooted prejudice; you have your own opinions of the organized labor movement, whether it belongs in our kind of society, what regulations should be imposed upon it, et cetera. We also know that these prejudices will not be significantly altered in a single day. However, this is an institution of higher learning, and the essence of all learning is the replacement of subjective emotion with objective analysis.

And while we do not expect to make labor organizers out of you in one day we do trust that by the end of this day your insight into American trade unionism will be somewhat more sophisticated and less biased, than is normally gained by reading journals which actually slant labor articles to reflect discredit upon the labor movement.

The second reason we believe this time will be well spent for you, and perhaps for us too, is that your world and your functions are in a state of rapid transition. A generation or two ago the average military officer needed very little information about labor unions except, perhaps, how to use Federal troops in a serious labor dispute. But today your concept as well as ours has been extended by the everchanging complexion of our industrial system. In today's world a large majority of officers are more likely to be coordinating production and related matters than deploying troops.

As was noted in a recent article on military education, which I am sure some of you have read in "Harper's Magazine" a few months ago--and I quote--

West Point now confronts the world in which traditional military practice must somehow coexist with such strange apparitions as managerial techniques, outer space, emergent nations, nuclear power, and the vogue of public relations. Since national defense now involves a total national effort, engaging all of the institutions of our democratic system of free enterprise, today's military career officer needs a better understanding of all the important institutions which hold together the society which that officer has sworn to defend.

Specifically, I have been asked today to discuss, and I quote the subject, "Current Objective Policies and Viewpoints of Organized Labor, with an Emphasis on Problems Connected with Collective Bargaining, and the Impact of Technological Change on Employment." Both subjects are significant and relevant to an understanding of the role labor unions play in the American economy. But it must be understood at the outset that organized labor's goals today, in 1964, as in the past, are geared to the specific needs and the problems of our working population. And I use the term, as always, advisedly, because the labor movement in the United States, from the time of its inception in colonial times until now, has been a practical, or as some scholars prefer to say, a pragmatic labor movement.

Throughout its entire history the objectives of the labor movement have been in tune not to an overriding ideology or master plan, but to the practical needs of the working people in the country at that particular time. Accordingly, when the average factory worker in the United States earned less than \$500 a year, as he did as late as the first years of the 20th century, unions fought for labor's right to more than starvation wages. When workers labored as they once did--12, 14, and 16 hours a day, 6 and sometimes even 7 days a week, in mines, mills, and factories--American unions responded with demands for a shorter workday and a shorter workweek; first 10 hours, 9 hours, and finally 8 hours a day, and ultimately 40 hours a week.

When going to school was a privilege of the rich and the well-born in our society; when there were no public schools for the poor, the unions pioneered and agitated on behalf of the then radical idea of free public education for all citizens of our country. When women and children were exploited in sweatshops from coast-to-coast, organized labor demanded child labor laws and minimum wage legislation. When workers were required to bear the full financial as well as physical cost of industrial accidents and disease the unions fought a long and lonely battle for industrial safety, workmen's compensation and occupational disease laws.

When workers were cast without care or concern onto their own feeble and many times nonexistent resources in times of unemployment, sickness and old age, the unions fought to establish a minimum level of human decency through unemployment compensation, health, and welfare plans, and ultimately, social security.

Today because of these battles of the past, battles that were often fought in the face of very vigorous opposition from employers and the misunderstanding of most of the public, we have helped to minimize fear and class hatred among the working population of our country. And as I say that I do not mean to imply that we have reached the millennium as far as working and living standards of our work force are concerned. As I will discuss more fully in a few minutes, large sectors of our population are still living on the hungry edge of poverty. But on the whole it is an observable fact that American workers have gone further and faster toward industrial democracy and decent standards of life, than any other work force anywhere in the world at any time.

Today the average worker in any major industry is protected by a broad umbrella of union-negotiated job rights. These include seniority, supplemental unemployment benefits, paid vacations, health medical care, welfare, insurance coverage, the right to be judged according to the principles of equality under a mutually agreed-upon grievance procedure, and the right to retire with a decent pension at the end of a useful working life.

It is appropriate to note that these conditions and the rise of human rights to a position of parity with property rights in the United States did not come about automatically or as the result of economic evolution; every benefit and every right that workers enjoy in American industry today came about through someone's efforts, either efforts at the bargaining table or in the legislative halls of the country. And what has been true in the past will be equally true in the future. Contrary to propaganda and the thinking of some people, progress is never automatic.

The problems workers face today will not be solved by pious hopes or polite yearnings. And one of the most serious problems of the American work force today and thus one of the most serious concerns of the American labor movement grows directly out of the revolution in technology that is now taking place in American industry. This revolution is rooted in many methods, procedures, materials, and processes; but primarily it is the outgrowth of that form of technological change we now call automation.

In order to clarify the objectives, policies, and viewpoints of organized labor today, as you have requested me to do, I must of necessity discuss this phenomenon of automation and what it is doing to our work force and to the economy of our country. As many of you know, automation is a relatively new concept in production, and this is contrary to the belief of many people. It has come into being almost entirely since World War II and it is today still in its infancy. To this point many experts have tended to equate automation with the kind of technological change that has been going on since the early days of our industrial revolution.

In other words, many observers of the industrial scene have assumed that society will adjust to the electronic computer in about the same way that society has adjusted to power machinery, and that in the longrun automation, like mechanization, will create more jobs than it destroys. Today, however, with some experience behind us, a counter and a somewhat more sophisticated and realistic view is

developing. For example, after taking a long, close look at automation and its impact on the work force the Center for the Study of Democratic Institutions has issued a report which warns that the increasingly widespread use of automation and computers during the next two decades could destroy the fabric of American life as it exists today.

This report goes on in essence that as jobs disappear by the millions the Nation's economic system could break down; its democratic institutions could be undermined and mass employment could create a restless, frustrated and increasingly aggressive attack on our free enterprise system. Since I am discussing the goals of organized labor, let me make it abundantly clear at this point that it is not our goal--it is not the goal of organized labor--to contain or to roll back the process of technological development. We are not opposed to automation as such. We know that it is not possible to stop automation or roll it back. Even if we could do this, we would not, for we also know that our living standards and the security of our country are dependent upon the forward momentum of our technological development.

However, no one can deny--no one with knowledge can deny the fact that millions of workers have lost their jobs because of automation. And millions are being threatened by the loss or downgrading of their jobs because of computers, numerical controls and other revolutionary new techniques of production and equally revolutionary new sources of energy. There can also be no doubt that automation is destroying far more jobs than it creates. I could give you detailed and documented statistics on the long-term decline of job opportunities despite fantastically increased output in such major industries as steel, automobiles, rubber, aerospace, mining, food processing, oil refining, chemicals, and railroads.

However, it suffices to note that between the Year of 1953 and the Year of 1962, despite a growth of 25 million in population, and an increase of 7 million in our work force, total full-time job opportunities in private profitmaking industries actually declined by 400,000. Though total employment like total unemployment is higher than it was a decade or so ago, the increases in job opportunities have come in governmental and nonprofit sectors of our economy.

It is appropriate to note that ever since the end of the Korean war the American economy has been spurred by a number of positive and powerful stimulants. These have included from \$40 to \$50

billion worth of defense, foreign aid, and other cold war expenditures each year, since that time. They have included the race for space, the generally high levels of consumer demand due to unprecedented growth rates in both population and family formation.

Under normal conditions, stimulants as powerful as these would have created a serious labor shortage in our country. However, due to a staggering rate of technological development we have been plagued not by a shortage, but by a continuing and generally worsening surplus of labor. Despite surface prosperity and seemingly high rates of public and private consumption, our rate of full-time unemployment has been 5.5 percent or even higher ever since 1958.

In 1953 the President's Council of Economic Advisers suggested that a 3 percent rate of unemployment was as high as the economy could take and remain healthy. In 1961 this same council set its sights on a 4 percent rate of unemployment by 1963. Today it hopes we will have no more than 5 percent in 1966. In the first three quarters of 1963 America chalked up a staggering rise of \$8.9 billion in its gross national product. That's an increase in the gross national product. And despite this increase in goods and services unemployment standing today at 5.9 percent of the labor force is greater than it was last year at this same time.

Unfortunately, even today's official figure of 5.9 percent does not really reflect the true extent of unemployment, in our country. For example, this figure compiled by the Department of Labor does not include the estimated 2.5 million workers who for economic reasons are employed only part-time. That means that they are also unemployed part-time. Nor does it solve the estimated 1.5 million persons of working age who have actually dropped out of the labor force and are no longer statistics because they have run out of hope of finding useful and productive employment.

According to some experts outside the labor movement, factors such as these mean that the true rate of unemployment in the United States is not 5.9 percent, but anywhere from 8 to 10 percent. In view of these accelerating technological and economic developments, and in view also of automation's adverse impact on the work force, the labor movement today has a number of important and well-defined goals. First, we are determined to oppose by whatever means are necessary the morally indefensible and economically suicidal idea that workers must bear the full burden and management must receive the entire benefit of technological development.

And lest you think that this implies a harsh judgment of management and that the modern corporation is too wise and too enlightened to hold such views, let me note that in a poll taken by a management magazine not very long ago 76 percent of all executives who answered this poll subscribed to the principle that, and I quote: "The company is entitled to all the savings resulting from the introduction of labor-saving machinery or equipment."

Inasmuch as our country's technological development is actually the fruit of first our system of universal public education, and secondly the \$9.6 billion--tax dollars--that makes up the major portion of our total of \$14.7 billion research program. Of this total amount of money expended on research and development work \$9.6 billion comes from the citizens of this country in tax dollars.

Thirdly, because of the contributions of the highly-skilled work force, such contention that management is entitled to all of the savings is patently absurd. Therefore, in both our collective bargaining and our legislative activities, organized labor will continue our efforts to cushion automation's impact on the working population. For example, in our contract negotiations we will continue to seek such causes as those providing for advance notice and consultation with the unions when technological changes are impending; reduction of the work force by attrition rather than through layoffs; of transfer rights; retraining rights; maintenance of income plans; early retirement; and continuation of many other types of fringe benefits.

Secondly, we will also continue our long-term efforts to increase the wages and thus the living standard of the average working family. This is a particularly significant goal at this time inasmuch as the new technology of automation threatens to throw the sensitive relationship between purchasing power and productive capacity, badly out of balance. It is pretty obvious that the prosperity and progress of a country depend just as much on the ability of our people to consume, as on the capacity of industry and workers to produce. Workers are by far the largest group of consumers, and unless they have sufficient income to consume mass-produced goods on a mass basis

the planning of more production through more automation is nothing more than an exercise in futility.

For many generations unions have contributed to America's economic strength and stability by providing the broad base of mass consumption that is essential to support our mass production system. Today, despite much uninformed propaganda to the contrary, that base is being slowly chipped away. Between 1956 and 1962, for example, output per manhour for the total private economy, including wages, salaries, and fringe benefits, rose only 15 or 5 percent less than output per manhour. Furthermore, wages for production and maintenance workers in manufacturing, rose only 10.1 percent. Thus it is, despite our rising capacity to produce, and despite our seeming affluence in some areas, 12 percent of all American families--7.1 million families--have aggregate family incomes below \$2,000 a year.

Another 19 percent--10.9 million families--have incomes between \$2,000 and \$4,000 a year. This means that 18 million families in all have total incomes of less than \$4,000 a year. Inasmuch as the incomes of another 11.6 million families are less than \$6,000 a year, which, as most of you know, the Bureau of Labor Statistics says is needed to maintain minimum standards of health and decency, it can be hardly said, or if said, it cannot be supported, that the American wage earner is receiving too much for his labor; that wages in the United States are too high.

Thus, during the decade of the 1960's the labor movement will continue its pursuit of the most fundamental of all labor's traditional objectives, and that is higher wages to create more purchasing power and higher wages also create more production.

A third major objective in this new age of automation is to reduce the number of hours that people work not only in a day and not only in a week or year, but that workers put in in their entire lifetime. As fewer and fewer manhours are needed to produce more and more goods we will have to make some fundamental adjustments in the work place and in the working conditions. Therefore, one of organized labor's most specific and clear-cut goals--one that you have read a great deal about recently--is the 35-hour week or the reduced workweek.

Actually, a reduction in the workweek is long overdue notwithstanding propaganda to the contrary. Between 1900 and the mid-1930's the workweek was shortened in the United States from 60 hours a week to 40 hours a week, or at a rate roughly of 5 hours each decade. There has been no general reduction in hours since the mid-1930's even though industrial productivity in this period of time has increased roughly 60 percent. The time required to produce one ingot ton of steel, for example, has dropped from 11.3 manhours to 8.1 manhours in the last 10 years alone.

Of course, as could be expected, labor's demand for a 35-hour week has been met with something less than overwhelming favor. And the current opposition to the shorter workweek, which is being echoed in arguments, the same kind of arguments that were used in defense of the 72-hour week, the 60-hour week, and the 48-hour week; almost every argument used currently against a shorter workweek, is identical to the arguments used by our fathers, grandfathers and great grandparents before them.

According to these arguments the 40-hour week, even though this was opposed by the same forces who now oppose the 35-hour week, but not the 40-hour week is somehow sacrosanct. And any attempt to tamper with it will resolve in the bankruptcy of industry and the corrupting of the work force. However, our past experience indicates that the shorter workweek will come about and that industry will be able to absorb the cost of a shorter workweek through increased productivity. This has happened in the past, and we are certain that this will happen again in the future.

Workers today produce more in 8 hours than they once did in 12. In the future they will undoubtedly produce more in 6 hours than they now produce in 8.

And finally, as the keystone of all organized labor's objectives and goals in both the present and the future, we are convinced that the most important challenge is to translate technological progress, or automation, whatever you want to call it, into human progress. Although we like to think of ourselves as an affluent society--and many people do not know very much about those specters in our society that are not affluent--we not only permit one family in every four in the United States to live under conditions of poverty and deprivation, but we have failed to use our technological know-how to meet some of the basic needs of our fast-growing population.

Organized labor believes that we can and we must use our technology not only to provide useful employment opportunities, but to serve the needs of the American people--all of our citizens. We can do so, for example, by replacing the slums that choke the center of almost every American city with decent housing, parks, playgrounds and recreational areas. We can do so by facing the fact that we do not have nearly enough classrooms and that many of our schools are inadequate and obsolete. We can do so by building more of the hospitals, asylums, rest homes, clinics and other health health facilities that are so badly needed by our growing population. We can do so by upgrading the lives, the education, the opportunities and the living standards of the more than one-fourth of the citizens of the United States who today are ill-housed, ill-fed and ill-clothed.

These are some of the ways we can use our technology and our labor force to build a better America. And these in the main are the primary goals and objectives of the American labor movement as we enter the middle years of the 1960's. However, as I hope most of you know, unions do not exist in a vacuum. If we are to be successful at collective bargaining used to function as it was meant to function; if we are to have an alternative to the law of the jungle in industrial relations, the American people must understand and support both collective bargaining and labor unions. Of course, this is why you are here today.

I say this because in recent years attacks on unions and collective bargaining have been increasing in both scope and ferocity. Unfortunately, many people have no awareness of unions except when workers go out on strike. And since this is their only knowledge of unionism they are likely to agree with ill-conceived proposals of many in Congress and elsewhere to outlaw strikes, or ill-considered suggestions to crush or weaken labor unions. In fact, in the face of some of the drastic proposals that have already been suggested in Congress and in the nation's press in recent years, one who is not knowledgeable might assume that collective bargaining has actually failed in the United States and that we need to find an alternative method of regulating relations between labor and management.

But the facts point to an exactly opposite conclusion. Far from being a failure, collective bargaining has been spectacularly successful in the United States. Over the years and at a time when swift technological changes have generated great apprehension, and perhaps some unrest in the work place, collective bargaining has provided labor and management with an effective mechanism for

achieving industrial stability. And despite the propensity of most newspapers to report strikes in the most sensational terms possible, the total impact of strikes on the total economy is relatively infinitesimal. Not only are the total man-days lost as a result of strikes in an average year less than two-tenths of 1 percent of all the time that is worked, but the trend through the years has been steadily downward.

Last year, for example, fewer workers were involved in strikes than at any time since the end of World War II. Usually, those who shout the loudest about the man-days and the production lost because of strikes, are the most silent about the man-days and production that are lost because of unemployment and job injuries. And yet, strikes in the United States cause only about one-fourth as much production loss as do job accidents and about 1/64 as much wage loss as unemployment. In fact, more time was lost last year due to unemployment than was caused by all the strikes that have taken place in the United States in the past 36 years, since 1927.

Thus, collective bargaining is working and it is working better every year. Despite the strikes that grab the headlines, millions of workers and tens of thousands of employers are working together under terms of agreements negotiated without any work stoppage of any kind, or without any lock-outs. It seems to me that the time has come for industry, government and the public, to reaffirm our goals in labor-management relations. You know, if all we wanted was peace at any price in industrial relations our path has been mapped out by every totalitarian dictatorship in history; Nazi Germany, Fascist Italy; they had industrial peace in the days of Hitler and Mussolini. The Soviet Union, Franco Spain and Castro's Cuba have industrial peace right now.

So, industrial peace as such is not hard to come by; it can be achieved by any society that is willing to sacrifice the freedom of the work force. But certainly this is not a legitimate goal for America. It is obviously not possible to sacrifice the freedoms of the work force without compromising the freedom of business management and the professional classes as well.

Our goal is not to achieve an industrial peace based on submission and subjugation, but to provide human beings with an effective voice in their own economic destiny. Our struggle with communism is not merely a clash of economic and political interests, but actually a collision of basic principles concerning the work, the value and the place of the individual in a society.

These principles no less than our physical safety are all at stake in the cold war. In other words, national security involves not only lives and property, but the preservation and the strengthening of those institutions that differentiate American democracy from communism. And I submit to you that organized labor as well as other institutions is one of these differentiating institutions. But more importantly, thought its continuing efforts to strengthen the economy and to increase the stake of the working population in the system of democratic free enterprise, organized labor has made and will continue to make a major contribution to America's capacity to protect its right and its interest in these days of continuing world crises.

Thank you.

QUESTION: Sir, would you comment for us about the commercial shipyards versus the Naval shipyards, and particularly with regard to the question of labor benefits, employee benefits, and strike rights, et cetera?

MR. HAYES: Of course, I really do not know what you have in mind specifically. I presume that you are asking whether we can build a ship more cheaply in a government shipyard than we can in a commercial shipyard. I do not know. But whether we can or not it just seems to me that we need both in our society. We never know what we are going to be confronted with in the world situation and I think it would be a serious mistake defense-wise for us to dismantle all of our government shipyards and assume that private shipyards could do the job that we have to have done if a sudden emergency occurred.

I suppose whether or not we can build ships cheaper in the governmental establishment than a private shipyard can only be reflected by the cost figures themselves. I think certain studies have been made that indicate that certain work can be done cheaper in governmental establishments than it can be in private establishments, and vice versa. I am not qualified, really, to make the decision. With regard to strikes in government establishments, organized labor's position is already quite clear. We have gone along, and because we agree that there should be an alternative method of resolving differences between government employees and the government.

The recent Executive Order of our past great President was certainly a step in the right direction, which, for the first time, gave organized labor an opportunity to bargain collectively with government in the same manner that it bargains collectively with private industry. My judgment is that because of the nature of the general situation that prevails in the world today, that we must have both governmental and private shipyards. But this also applies in other areas.

QUESTION: Mr. Hayes, do you regard moonlighting as much of a problem, and if we go to the 35-hour week, do you think we'll see a substantial increase in moonlighting?

MR. HAYES: This is difficult to tell. First of all let me make it clear that the organized labor movement itself has officially opposed moonlighting on the part of its members. In other words, we are opposed to members who are working 40 hours a week or 36 hours a week, having a second job and taking that job away from someone who is unemployed. However, moonlighting in the United States is not nearly as prevalent as newspaper stories and magazine stories lead you to believe. Actually, only a very, very small percentage of our total work force are holding down more than one job. And this includes even short part-time jobs. It is less of a problem than most people think it is.

I think that the shorter workweek will to a certain extent increase moonlighting. But even with this increase in moonlighting I do not believe that it will be a substantial problem at all. Because, I think that the number of manhours involved and the number of jobs involved is actually quite small compared to the number of unemployed persons we have. But it is very interesting that whenever we talk about moonlighting we only talk about workers who are in the really lower wage brackets holding more than one job. And everyone seems to be opposed to this.

Nobody seems to be opposed to management in the high brackets holding two, three, four, five or six different jobs. No one seems to be opposed to anyone in the career or management category doing this. We always oppose the person who probably needs the money because of his low wages, holding more than one job. This is quite interesting. This is the type of double standard that often indicates prejudice on our part.

QUESTION: Mr. Hayes, we have heard it said that labor leaders tend to suppress the development of any succession in the labor organization. Would you please comment on any problems of continuity in the direction of the labor movement?

MR. HAYES: It is not true. All I can say to you is that I suppose that the officers of the labor movement are no different than the officers of industry and business, or officers anywhere. We are all human beings. And while this may be true in a few unions, I am certain that it is not true in most unions. Because, most unions have a much more democratic procedure for election of officers than business establishments have; than stockholders or Boards of Directors have. Very few labor unions elect their officers through a counterpart of a Board of Directors. Most unions either elect their officers at a convention, which, incidentally, is composed of the representatives of the rank and file membership, or by a referendum vote, by a vote of the membership.

For example, our organization--and this is only a typical example--recently one of our vice presidents died; it is only a year-and-a-half to the end of this term, and yet we must conduct a special referendum election to elect his successor. Under our law I cannot even appoint a nominated candidate to carry on his responsibilities until his successor is elected. The election procedure in our organization is that we send out a call to every local lodge in this organization--2,000-some-odd local lodges--and give them an opportunity to nominate a candidate for that position.

When the nominations are in the two candidates receiving the highest number of nominations then become the official candidates; a ballot is printed; every member of this organization has a right to secure a ballot; they vote this secret ballot; and the person receiving the majority is elected. This is the procedure in most all unions. I suppose it is wholly possible, and I am sure it has been done in a few isolated cases--I think there have been maneuvers and manipulations to perpetuate someone in office by a process other than the democratic process; but I am certain on the basis of my own knowledge that this is the rare exception rather than the general rule.

QUESTION: Mr. Hayes, I wonder if you would comment on the important role that the labor movement is playing in fighting communism overseas? It is a movement that not many people know about and I wonder if you would comment on it?

MR. HAYES: Yes. It is very difficult to comment on this in a few minutes. First of all, I think I should start by saying that I believe that the contributions that the organized labor movement have made to our society to the raising of living standards in the United States itself is probably one of the greatest deterrents to the rise of communism in the United States that we have. I think the fact that we use the very things that organized labor helped bring about in the United States--as an example, our form of government, the republican form of government is better than democracy, in our campaigns overseas prove the extent that organized labor has helped keep down communism in the United States.

In almost all of our foreign aid programs we point to our standard of life specifically. We point to the wages that the people in our country are earning. We point to the homes in which they live. We point to their television sets; their washing machines; their automobiles. And all of these things show that these things are possible in our form of government and they cannot be that easily achieved under communism.

In addition to that, through the ICFU, the International Confederation of Free Trade Unions, we have established a solidarity fund, which we, cooperatively with our government, assist the free trade movements in all other parts of the world, particularly in the developing countries of the world--in Latin America, in Africa and elsewhere, again to counter the propoganda of the Communists; the Communist bloc of nations. And thus far we have been rather successful. Every union in the United States is cooperating in this program. The program has been carried on, as I say, in Europe, in Latin America, in Africa, in the Far East, and elsewhere.

In addition to the program of the International Confederation of Free Trade Unions, branches of this International Confederation--the International Metal Workers Confederation has a similar foreign aid program, if you please, in which we aid the free noncommunist groups in the labor movements of other countries in cooperation with the aid our government is giving to other groups in other areas.

QUESTION: Sir, we have heard from the platform many speakers who have complimented the union leader on his objectivity; his ability to do now those things which are necessary for the country. On the other hand, we have heard that retention of leadership within the union is a political matter. You described the democratic procedure for elections. There appears to be a contrast here that the union

leader must do those things which keep him in office rather than being truly objective and doing those things which might, or might not, be best for the nation. Would you comment?

MR. HAYES: Yes. And these things have been said about the military; these things have been said about Congressmen, Senators, Governors, and everyone else. And to the extent it is true with regard to others I suppose it is true with regard to labor leaders. However, I should make it clear to you that on the basis of my personal acquaintanceship with almost all of the top labor leaders in the country today, it is not generally true.

I may give you an example. Recently we had scheduled a strike against United Airlines. We had been negotiating with the management of United Airlines for 20 months. During this period the negotiated proposition has been submitted to our membership on three occasions, once with the recommendation of the officers, and the membership rejected the proposition negotiated with management. After going through all the procedures of the board, our membership--by their own vote--finally set the strike date for 18 December at midnight. In the meantime we were able to negotiate some slight improvement in the package previously negotiated with the company. As a result we called off the strike--I did, as the top officer of the union--and ordered that the new proposition be resubmitted to our membership.

I received many calls, letters, telegrams, and other things from our membership, in which I was severely criticized for calling off the strike. This happens very, very often. Top labor leaders are called upon to make decisions that may not be considered popular very, very often. And in more cases than not they make the right decision. I do not believe that they are entirely motivated by a return to office.

QUESTION: Mr. Hayes, would you comment on the apparent inconsistency of labor supporting a higher minimum wage and yet at the same time attacking the problem of unemployment, when admittedly the majority of the unemployment is in the unskilled area which is quickly put out of work because of a high minimum wage?

MR. HAYES: I do not agree with the base of the question at all. I do not think we have unemployment because of a high minimum wage; I think we have unemployment because of a lack of jobs. So, I just do not go along with you at all. And I do not think that it is an inconsistency.

QUESTION: You say that unemployment is not due to a high minimum wage, and yet you are missing the point. If you look at the porter who is being replaced with the sweeping machine it is because the porter's wage is too high, and this goes right down the line in the unskilled line where a machine can replace a man because the man has become uneconomical. That is the point.

MR. HAYES: But regardless of the minimum wage, the organized labor movement still would not oppose the sweeping machine. And this brings up a very, very interesting angle, because indirectly the organized labor movement in the United States, through its pressure for ever higher wages has made a very significant contribution to our technological progress. Because, if we had been content with starvation wages in the past; if we had not pressured and struck for higher wages, better working conditions; all the things that cost management money, management would not have been as ingenious as they were.

They would not have sought labor-saving devices, shortcuts and new machinery. In fact, I think it is generally conceded by students of the labor movement that in this indirect way organized labor has made a very substantial contribution to our progress. It reminds me of a situation some time ago, right after World War II, when I had the privilege to serve on a governmental commission that went to the United Kingdom to assist them in their production problems.

We made a trip through the coal mines in England and we were amazed to find the antiquated equipment in the English coal mines, even though coal is very, very important to the United Kingdom. We asked why the equipment in their coal mines was so antiquated as compared to ours. The answer we got was that the labor movement in that country has never exerted the pressure upon their industry for higher wages, health and welfare plans, hospitals, et cetera, as the miners' union in the United States, and therefore they were not forced to modernize their machinery and equipment.

QUESTION: Mr. Hayes, it appears to me that one of the problems of unemployment is the matter of redistribution of available work. Now, we know that in this country our per capita income is greater than in any other country in the world. So, there is enough income to spread around for everyone. We have heard industry say here that they would rather pay overtime than have to hire more people when they do have the work because it is so difficult to hire a man because of the fringe benefits et cetera that go with it.

I, for one, and some of my colleagues, work on probably all of our appliances, even though it is difficult, because labor has priced itself out of the market; we can not afford it. But there is work and we would pay for it if it were reduced. Now, what has labor done to try to attack the problem in this way, of making it easier for people to be hired and to make it easier for apprentices who are not really qualified to work on these appliances? What have you done to try to equalize this?

MR. HAYES: Of course, again, my knowledge of economics is quite different than yours and I do not agree with the assumption that is implied in the question. I think that the only reason that we in the United States have the highest living standard in the world is because we have the institution of organized labor that has increased the purchasing power of the American people. I do not believe that low wages can possibly create employment, because low wages decrease purchasing power.

The theory that somebody will be employed whether there is something to do or not if the wages are low enough, I think, is fallacious. I just do not go along with the theory. And if I understand your question correctly this is your theory. I do not believe that low wages are going to provide or create jobs. In fact, I think low wages will increase unemployment. So, I think we are poles apart in this particular area.

MR. MUNCY: Mr. Hayes, we are indebted to you for a very stimulating morning. Thank you.

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