

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

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Office CorrespondenceDate August 13, 1937.To Chairman Eccles

Subject: _____

From Lauchlin Currie

I came across an interesting article on the Amalgamated Clothing Workers the other day and as it seemed like a good example of amicable and socially beneficial trade union practices I asked Bassie to prepare a brief digest of it. You might be interested in looking it over as background material in talking about good and bad labor practices.

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Office Correspondence

Date August 13, 1937To Mr. CurrieSubject: An Example of EnlightenedF r V. Lewis BassieLabor Policy*VLB*

Among the welter of items concerning the abuses, recriminations, strikes, and disturbances in the relations of labor organizations to employers, there now and then appears an instance where out of the conflict has developed a situation of enlightened policy and cooperation resulting in advantage to both sides. Such an instance is described in an article by Helen S. Hoerber in the July, 1937, issue of the Monthly Labor Review, entitled "Collective Bargaining by Amalgamated Clothing Workers."

"The Amalgamated Clothing Workers of America includes workers engaged in the production of men's and boy's clothing other than work clothing. . . . The industry is characterized by small establishments, although there has been a recent tendency toward larger manufacturing units. . . . Nearly 80 percent of the establishments and 66 percent of the workers in 1933 were in 10 leading metropolitan centers."

Collective bargaining between the union and the employers was in this instance as in most others disturbed by a long series of strikes, resulting from failure of individual employers or employers associations to reach agreement with the growing local unions on such questions as the closed shop.

Beginning with the strike in the Hart, Schaffner and Marx shops in Chicago in 1910, the principle of arbitration came to be firmly established. Company officials were appointed to hear and decide grievances and complaints. "To facilitate settlement of disputes through conciliation, shop chairmen were elected by the workers. All grievances were to be submitted first to the shop

chairman, who was to attempt to settle them with the superintendent or foreman before utilizing the other adjustment machinery." In case of failure to settle the dispute at this level it was referred to a bipartisan board of arbitration, with an impartial chairman jointly selected. These principles gradually spread to other markets and similar arrangements were made in all the principle centers of the industry.

The Amalgamated also instituted policies of cooperation with management along lines that are usually the sole function of management. The following examples of this may be noted:

"Union employment agencies were established in each market. . . . Adequate records of job seekers were kept, accurate and competent interviewing was established, and political patronage within the union was eliminated. These employment exchanges eliminated the confusion and disorganization of hiring at the shop."

"Union experts went into the shops, reorganized the flow of work, subdivided processes, established production standards under week work and later piece work, standardized styles, substituted machines for hand labor, etc. This rationalization policy was adopted by the union in an effort to help union employers to meet competition." As a result of these efforts production costs were reduced, but employment was also lowered, especially among the cutters. To meet this situation, "the impartial chairman permitted the dismissal of 150 cutters, each of whom was paid \$500 as a bonus for waiving his right to a job in the industry. The bonuses were paid two-thirds by the company and one-third by the union."

"In addition to improving the competitive position of firms without recourse to wage cutting, the union undertook to lend money through its banks to employers in financial difficulties. An outstanding example of this is the several years of continuous effort by the union to keep in business a large employer in the Baltimore market."

"Another important innovation was the introduction of unemployment insurance in the principal markets. In the spring of 1923 the arbitration board for the Chicago area handed down a wage award and formulated the principles to govern an unemployment fund. . . . The employers and workers each contributed $1\frac{1}{2}$ percent of the total weekly wages. . . . Regulations for collections and payments were altered from time to time in accordance with the condition of the fund. . . . Benefits were not paid when on strike. Unemployment insurance was established in the Rochester and New York City markets in 1928. . . . Because the depression occurred soon after the fund was established, benefits were paid in accordance with need rather than according to fixed rules."

Some of the provisions of the existing agreements between the Amalgamated and the employers are as follows:

"Agreements in the suit and coat industry usually run for 1-year periods, although a few have 2- or 3-year terms. Agreements are automatically renewed unless notice of intention to change is given within a specified time before the termination date."

"Both piece and time rates are found in these agreements, but when the piece-rate system is followed weekly minima are usually established. Wages must be paid weekly. The business agents are responsible for seeing that

the labor costs in each shop conform to the market standard."

"The N.R.A. code standards of 36 hours' and 5 days' work per week are still general in the industry. In a few agreements 4 extra hours per week may be worked during the busy season without the payment of the overtime rate."

"Union membership is a condition of employment in all but three agreements, in which a preferential union shop is established. New employees must be hired through the union unless the union is unable to furnish qualified workers within a reasonable time, usually 24 to 72 hours. Such workers hired on the open market must join the union at the end of their probation period."

"All workers must serve a probation period, usually 2 weeks, after which time they are considered permanent employees. Discharge is in all cases subject to appeal."

"During slack seasons work must be equally divided, insofar as possible, among regular employees."

"The initial and major responsibility for securing compliance with the agreements is that of the shop chairmen or committees and the labor manager or other representative of the employer. General wage questions and other matters not involving interpretation of the agreement are frequently referred directly from the disputants to a separate board of arbitration."

"Union representatives are usually granted access to the shop, though occasionally an employer representative must accompany them."

"Other provisions of these agreements abolish child labor and home work."