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Labor Relations under the

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Defense Program

The labor situation has been stable since the Spring of 1939, with fewer strikes than in any period of comparable industrial activity in over a decade, and with wage rates generally steady. This situation has been particularly noteworthy during recent months in view of the rapid increases that have occurred since the beginning of the defense program in employment, output, and profits. Such strikes as have occurred since the defense program started have been settled promptly and the amount of time lost has been small.

STRIKES AND MAN-DAYS IDLE 1927-1940

Year	Number of strikes beginning in year	Man-days idle during year
1927	707	26,218,628
1928	604	12,631,863
1929	921	5,351,540
1930	637	3,316,808
1931	810	6,893,244
1932	841	10,502,033
1933	1,695	16,872,128
1934	1,856	19,591,949
1935	2,014	15,456,337
1936	2,172	13,901,956
1937	4,740	28,424,857
1938	2,772	9,148,273
1939	2,613	17,812,219
First 9 months 1939	2,124	14,255,264
First 9 months 1940	1,590	4,200,676

Stability of the labor situation reflects chiefly the generally prevalent desire on the part of union membership to contribute as much as possible to the defense program and, in a negative sense, to avoid the social pressure and hostile public opinion that would be aroused if the defense program were seriously interfered with. The appearance of an even greater degree of stability than actually exists may have been created in recent months by the fact that relatively few union contracts have expired during the period. Also, the approach of national elections has occupied the interest and attention of the unions, and this may have postponed action on issues that have been developing.

Prospects for continuation of this stable labor situation, however, are not bright. With the expiration of a number of important union contracts, continued expansion in industrial activity and corporate profits will result in more widespread demands for wage increases. Pressure for wage increases is a normal characteristic of a period of sustained expansion and rising profits. In addition, however, industrial disputes are likely to be greatly intensified under present conditions by factors having to do with the Government's labor policy and other related aspects of the defense program. Dissatisfaction of organized workers with the administration of labor legislation and a growing feeling that the defense program is being administered with greater solicitude for employers than for workers are already evident. These factors have begun to impair the initial cooperative attitude which has been mainly responsible for the recent stability of the labor situation. The sources of labor discontent are described somewhat more fully in the paragraphs which follow, without any attempt to pass on the validity of the

specific complaints. This procedure seems justified because the existence of this discontent, whatever the abstract merits of labor's case, is of strategic importance in appraising the prospective labor situation.

Prevailing dissatisfaction with the administration of the Fair Labor Standards Act (Wages and Hours) is grounded in the belief that complaints are acted upon too slowly and too mildly to secure adequate conformity and that coverage of the Act has not been extended over a sufficient area. The Wage-Hour Division has stated that these shortcomings are due to an unavoidable shortage of personnel, but labor organizations find it difficult to accept this explanation in view of the fact that at the end of fiscal 1940 the Division returned to the Treasury \$387,000 of a deficiency appropriation - an amount sufficient to pay annual salaries of approximately 150 investigators.

Of much greater importance as a source of apprehension among organized workers is the Government's policy with respect to enforcement of the National Labor Relations Act. This issue has become pressing because of its close connection with the awarding of defense contracts and because of fear that the urgency of the defense program will be used by employers as a means of nullifying the guaranties contained in the Act of labor's right to organize. It is pointed out that the Government has usually followed the practice of implementing other labor laws by incorporating stipulations in contracts providing for the wages, hours, and working conditions under which the contracts must be fulfilled and for collection of damages in the event that these provisions are violated before contracts have been completed and payment made. In the case of violation of the National Labor Relations Act, however, the status of firms with government contracts or bidding for contracts is still

undefined. A CIO campaign for an executive order denying government contracts to violators has been under way for over two years, but the issue is now much more important in the light of the greatly increased volume of contracts that have been let to violators under the defense program. While the AFL has been less vigorous in its insistence that the Administration throw its full weight behind enforcement of the NLRA, it is nevertheless in agreement with the CIO on the issue. Both the AFL and the CIO conventions have adopted strong resolutions on the subject, and the increasingly numerous instances of joint action by the CIO and the AFL in other areas indicate the possibility of united action on the contracts issue when it comes to a head.

In addition to the prevailing dissatisfaction with many aspects of the Government's labor policy, labor organizations show signs of apprehension concerning other aspects of public policy. Organized labor has been given little or no representation on draft boards in many areas, and the composition of the boards, quite apart from this, is not particularly encouraging to labor in numerous districts. Employers have considerable discretion in petitioning draft boards for deferment of workers, and a worker with valuable, specialized skills who was also an active union man could be drafted simply because an employer declined to petition the draft board on his behalf.

Labor feels that the Government's methods with respect to defense procurement assure private contractors and subcontractors of very large profits and that the present excess-profits tax will recapture only a modest portion of such profits. Labor urges, moreover, that if the Government is willing to contribute substantially to plant expansion through liberalized amortization for tax purposes and by value purchase agreements and to

guarantee profits in cost plus contracts, it should also protect labor's rights, at least to the extent of obliging recipients of defense contracts to conform to the law and guaranteeing, say, a dismissal wage to workers whose employment will expire with the defense program.

The significance of the attitude of union membership toward the Government's labor policy arises in large part from two facts which underlie the present labor situation. On the one hand, labor unions have grown during recent years to a point where over half of the 15 million industrial workers are now organized, and this growth has involved a corresponding growth in the power of organized labor. On the other hand, a number of strategic sectors of industrial employment remain unorganized and this situation invites aggressive union activity. Recent increases in employment have served to replenish union treasuries, and the number of organizers now on the payrolls of local and national organizations is probably the highest on record. At both AFL and CIO conventions reports of rapid increases in membership during the past year encouraged plans for further expansion during the year ahead.

If the unions feel that they can carry on their membership drives under the protection of the National Labor Relations Act and other federal legislation, as they have generally been able to do successfully and in a reasonably orderly fashion during the last three years, they will probably continue to use Labor Board elections rather than strikes as their principal means of obtaining collective bargaining agreements. The advantages of this procedure both to the defense program and to labor are obvious. If, on the other hand, the unions feel that they cannot rely on the Government to

guarantee their right to organize they are likely to use what strength they have to obtain agreements directly. Many of the strikes that would be voted by the unions under these circumstances would be broken, partly through the force of hostile public opinion, but the damage to defense production during the interval would be serious, and in many cases output would be impaired for months by the bitterness that accompanies the defeat of a strike to gain union recognition. Under circumstances of this sort labor relations in many areas that are now organized would become strained and administration of the defense program made more difficult.