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January 23, 1942

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Labor Developments Since

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the Outbreak of War

Labor Relations

Since the entry of the United States into war several significant developments have occurred in labor relations. These include:

1. A sharp reduction in number and seriousness of strikes;
2. The President's conference to establish war labor policy and the establishment of the National War Labor Board;
3. The beginning of labor participation in industry planning;
4. The collapse of the isolationist wing within the CIO and the appearance of AFL and CIO cooperation.

Strikes

At the start of war, labor-management relations were seriously strained. The preceding eleven months had established a new all-time high, except for 1937, for industrial disputes. Through November, 4,200 strikes had been called involving 2,350,000 workers and resulting in 22,500,000 mandays of idleness. Over four times as many workers were involved in strikes last year as in 1940. Motivated by this strike record and particularly by the captive coal mine strike, Congress seemed likely, by the outbreak of war, to enact drastic anti-labor legislation.

Since the attack on Pearl Harbor the number and seriousness of strikes have declined sharply. Practically no strikes significant to war production have occurred since December 7, according to the OPM Labor Division. As a result of the reduction in strikes and the pledge of labor leaders to give up the strike weapon during the war, Congressional interest in anti-strike legislation has diminished.

President's Labor-Management Conference

To establish a war labor policy and to forestall anti-labor legislation, the President called a conference of labor and management leaders which met from December 17 through the 23rd. The conference resulted in agreement on three points:

1. There shall be no strikes or lockouts;
2. All disputes shall be settled by peaceful means;
3. The President shall set up an effective War Labor Board to handle these disputes.

These agreements, confined as they were to the method of settling labor disputes, were of limited significance. especially in the light of the fact that before the conference met both branches of organized labor had issued statements renouncing the use of the strike weapon for the duration of the war. No agreements were reached on other issues that represent potential sources of strain in labor-management relations. Management representatives were unsuccessful in attempting to have the closed shop issue excluded, as it was in 1918, from the list of legitimate and arbitrable union demands. Labor representatives pointed out that, in 1918, freezing the industrial area in which the closed shop prevailed was acceptable to labor in exchange for official recognition of the right to organize. Today the right to organize is legally established by the Wagner Act. The fact that the captive coal mine dispute, involving the union shop, had just been settled by arbitration weakened management's case against the use of arbitration in future closed and union shop disputes. Representatives of the CIO were unsuccessful in bringing before the conference for discussion the question of labor participation in production management along the lines of the various industry plans already suggested by the CIO.

On January 12th the President announced the appointment of a War Labor Board with powers to settle labor disputes by conciliation, voluntary arbitration, or arbitration. The CIO and AFL had jointly petitioned for a nine man board, four from labor, four from management and one from the public. Only one public representative was recommended, apparently because of the belief that by this means it would be possible to prevent the appointment of William H. Davis, who had incurred considerable hostility in labor circles in the course of the captive coal mine dispute. The organization of the Board followed the pattern suggested by employer groups: a body of twelve men composed equally of representatives of labor, management and the public. The new National War Labor Board, which supersedes the National Defense Mediation Board, is composed of the following twelve members: Chairman, William H. Davis, vice-Chairman, George W. Taylor, Wayne L. Morse and Frank P. Graham representing the public; Albert W. Hawkes, Roger D. Lapham, E. J. McMillan, and Walter C. Teagle representing management; Thomas Kennedy, George Meany, R. J. Thomas, and Matthew Woll representing labor.

Labor Participation in Industry Planning

Important elements in the leadership of the CIO believe that stability of industrial relations and efficiency of war production are contingent upon labor's participation in industry planning. More than nine months ago the Reuther plan to convert much of the automobile industry to the production of planes was presented to OPM. The Reuther plan raised

several controversial issues: (1) the possibility of immediate conversion of the automobile industry to war production; (2) the pooling of the industry's facilities; and (3) the participation of labor in conversion and pooling decisions. The plan was criticized vigorously by management and OFM and discarded.

The scheduled stoppage of automobile production at the end of January recognized by implication the correctness of the view that the facilities of the industry were capable of conversion to war production. OFM called a conference of labor and management leaders on January 5 to work out the conversion problems. The meetings are of some significance as a possible precedent for the reorganization of war production planning.

A ten man labor-management committee was established January 5 to serve in an advisory capacity to OFM. This was turned into a seven man subcommittee January 11. The subcommittee headed by Cyrus Ching (U. S. Rubber and National Defense Mediation Board) is composed of Edsel Ford, C. E. Wilson (General Motors) and C. C. Carlton (Motor Wheel) as industry representatives and Walter Reuther, George Addes, and Richard Frankenstein, all of the United Automobile Workers Union as labor representatives. This group will "assist" OFM in shifting the automobile industry to a war production basis. There will be continuing conflict over the extent of the authority to be exercised by this group, and similar groups likely to be set up in other industries. CIO wants them to have power to make decisions. Management wants no labor participation in the executive control of production. The labor case is based on claims that management is inefficient, jealous of company interests, and hopelessly committed to a psychology of business as usual. Management resistance is based on fears that labor demands for participation mean "socialization of the industry".

Union Political Developments

The most immediate result of the declaration of war was the complete discrediting of the isolationist, business-as-usual minority group within the CIO centering around John L. Lewis. This group had continued to be primarily concerned with strengthening the bargaining position of their organizations and had shown no interest in the type of active collaboration in the defense program represented by the Reuther plan. Significantly, the United Mine Workers is one of the few major CIO unions which has not prepared a Victory Program -- a program for increasing output and efficiency -- for its industry.

CIO-AFL collaboration was noticeable in the course of the industry-labor conference. The CIO and the AFL caucused together throughout the conference, presenting a solid front against management leaders. After the conference Green and Murray jointly presented a set of proposals regarding the new War Labor Board to the Secretary of Labor. These were the first examples of joint action by the two national organizations in almost five years.

On January 17, John L. Lewis, as chairman of the CIO peace committee which held its last conference in April, 1939, sent letters to William Green, president of the AFL, and Phillip Murray, president of the CIO, proposing the resumption of peace negotiations between the two organizations. The proposal came as a complete surprise to Murray and other CIO leaders. Newspaper reports (denied by Green) indicate that secret negotiations between Lewis and some AFL leaders had already taken place and that informal agreement had been reached on the new officers for the amalgamated organization.

Green, with the approval of the AFL executive council, promptly accepted the Lewis proposal. Murray did not. He wrote Lewis that any peace moves would have to come through the office of the CIO President. Murray also indicated that peace between AFL and CIO was a less pressing problem than the wage increase and union shop negotiations now underway between the CIO and four "little steel" companies. Informed sources indicate that President Roosevelt is supporting Murray in his position on union peace. If true, it means that the President is continuing his policy designed to isolate Lewis within the CIO and to keep Lewis politically weak.

Whether or not formal organizational unification develops between AFL and CIO, continued collaboration on specific issues is expected. Significant indications of unity have been apparent for some time in local communities where the two unions are working jointly on innumerable problems connected with the war effort.

Prospects for Industrial Peace

This year should be marked by a substantial decrease in strikes. Both labor and management are prepared to make personal sacrifices for the broader national interest. Such head-on collisions as the captive mine strike will not be repeated during the war period. Instead, labor will fight for its demands on a political rather than an economic level. Management will try to freeze labor relations at their pre-war position. In such a struggle the new War Labor Board is of major significance. To the extent that this body continues to enjoy the confidence of both labor and management strikes will be kept at a minimum.

All of this is not to say that no strikes will take place during the war. In 1918 there were over 1,900 strikes in the seven months between the no-strike agreement of the War Labor Conference Board and the Armistice. In Great Britain there was a material increase in time lost through strikes in the first 9 months of 1941 as compared with the same period of 1940 in spite of a no-strike agreement reached in July 1940.

If the cost of living continues to rise it is more than likely that labor's demands for wage adjustments will result in work stoppages. Innumerable local conditions can not be adjusted speedily enough to prevent every strike. But the character of the strikes will be changed. Large scale stoppages will disappear in the face of public and Congressional

disapproval. Instead "wild-cat" and "outlaw" strikes, usually repudiated by national union offices, will become the rule. These "quickies" will reflect labor dissatisfaction with wages and working conditions. On the other hand, broader demands such as that of the CIO for a union shop in steel will be settled by the War Labor Board.

Other Labor Developments

Priority and Conversion Unemployment

Paradoxically, the outbreak of war is resulting in an increase in unemployment. Pressure for increased output of war requirements is necessitating large-scale conversion from non-war to war production. Conversion raises serious problems of displacement and reemployment for millions of workers.

The scheduled stoppage of automobile production by the end of January will force at least 300,000 production workers out of jobs. A large proportion of these are already out of work. Applications for unemployment compensation in Michigan jumped from 30,000 at the beginning of December to about 180,000 at the end of the month. Lay-offs in Detroit will reach an estimated 135,000 in the automotive industry alone. Reemployment will take time, especially if management continues to resist pooling of tools and disruption of usual competitive company relationships.

Some indication of the magnitude of the reemployment problem may be had from the figures showing the relationship of defense employment to total employment in the leading automobile companies before the war. In November, General Motors had only 67,000 of its 297,000 workers on defense production; Ford had 30,000 out of a total of 130,000; and Chrysler had 21,000 out of 66,000. General Motors expected to add only 23,000 to its defense force by February 1; Ford a similar number by June 1942. Government, union, and company officials estimate that at best absorption of the displaced workers can not be completed before late fall. Many of them estimate it will take 12 to 15 months. In addition to the production workers, a considerable proportion of the 400,000 to 500,000 workers in sales and allied service fields will lose their jobs. This group poses even more serious problems of reemployment than the production group. Some 75,000 of the rubber industry's 150,000 workers are expected to be laid off with many of the remainder placed on part-time. Another 40,000 to 60,000 will be displaced in the wool textile industry. Even the steel industry, faced with a shortage of scrap, expects to lay-off several thousand workers in the next three months.

Since summer, lay-offs have been occurring in numerous consumers' goods industries. Predictions of large net increases in unemployment because of priorities and shortages have been made by government, union, and

business leaders. Until the outbreak of war these predictions had not been borne out. Unemployment continued to record net declines. The employment outlook for the next few months, however, is not favorable. Seasonal declines in employment will add to the priority displacement. Federal Security Administrator McNutt predicted December 18, before the Senate Small Business Committee, that there would be a net increase in unemployment of 1 to 1.5 million by June 1942. CIO estimates an increase of 2.5 million without specifying a precise time limitation.

While a substantial amount of conversion displacement will develop this year, particularly in the early months, it is unlikely to result in a net increase in unemployment of the magnitudes anticipated in these forecasts. It is more likely that after a seasonal increase in January and February unemployment will remain fairly stable until summer at about the December level of 3.8 million.

Extension of Unemployment Compensation Program

To aid workers displaced by the conversion of industry to war production, the President has recommended the appropriation of \$300 million to supplement and extend the unemployment compensation program. Displaced workers are to receive benefits of 60 per cent of regular earnings. But not over \$24 a week, for a maximum of 26 weeks. The plan will apply to those not now covered by unemployment compensation as well as to those already insured under the State programs. For the latter group, Federal grants will pay the difference between the benefits paid by the States and the 60 per cent or \$24 amounts. In order to receive payment under the program, the displaced workers must accept vocational training during the period of idleness.

While the program will ease the personal hardship occasioned by conversion unemployment, it fails to attack directly the problem of fully utilizing the idle manpower. Vocational facilities are already overcrowded. It is questionable whether the vocational training requirement will mean much under the circumstances. Aside from this requirement, the plan resembles direct relief. It would cost only a little more and avoid the waste of manpower to employ the displaced workers on public projects of importance to the war effort.