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HISTORY OF THE SHIPBUILDING  
LABOR ADJUSTMENT BOARD  
1917 TO 1919

WILLARD E. HOTCHKISS and HENRY R. SEAGER



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## PREFACE.

The following history of the Shipbuilding Labor Adjustment Board was begun immediately after the board's dissolution on March 31, 1919. Unavoidable circumstances have delayed its completion, but it is believed that there is enough of permanent interest and value in the story still to warrant publication. The work is a joint product in the sense that each author has read and approved the contributions of the other. Chapters I, II, VIII, IX, X, and XI were written by Mr. Hotchkiss, and Chapters III, IV, V, VI, VII, and XII by Mr. Seager.

Our thanks are due to the members of the board for helpful information and suggestions and to the officials of the Emergency Fleet Corporation for permission to make free use of the board's files after it went out of existence. We are, however, alone responsible for the accuracy of the information presented and for the opinions expressed.

To Hon. Ethelbert Stewart, United States Commissioner of Labor Statistics, we are indebted for the privilege of having the history included among the publications of the bureau of which he is the head.

WILLARD E. HOTCHKISS.  
HENRY R. SEAGER.

November 1, 1920.

[NOTE.—Henry R. Seager, professor of political economy, Columbia University, was secretary of the Shipbuilding Labor Adjustment Board Oct. 1, 1917, to Dec. 15, 1918, and Willard E. Hotchkiss, director, National Industrial Federation of Clothing Manufacturers, was supervising examiner for the board June 1, 1918, to Mar. 31, 1919, and secretary of the board Dec. 15, 1918, to Mar. 31, 1919.]



## CONTENTS.

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	Page.
Chapter I.—Origin and organization of the board.....	7-14
Chapter II.—Adjustments on the Pacific coast, 1917.....	15-23
Chapter III.—Delaware River award.....	24-28
Chapter IV.—Delaware River piecework award.....	29-31
Chapter V.—South Atlantic and Gulf awards.....	32-36
Chapter VI.—North Atlantic and Great Lakes awards.....	37-41
Chapter VII.—Final awards of the board, October, 1918.....	42-48
Chapter VIII.—Administrative work of the board.....	49-57
Chapter IX.—Development of administrative machinery.....	58-72
Chapter X.—Operations after the armistice.....	73-83
Chapter XI.—Post-war voluntary agreements.....	84-90
Chapter XII.—Conclusion.....	91-97
Appendix A.—Memorandum for the adjustment of wages, hours, and conditions of labor in shipbuilding plants.....	98, 99
Appendix B.—Report of the conference committee of national labor adjustment agencies.....	100-102
Appendix C.—Wage scale for employees in shipyards of Atlantic coast, Gulf, and Great Lakes, effective October 1, 1918.....	103-105
Appendix D.—Supplementary ruling on piece rates for riveting, chipping, and calking, drilling, reaming, and countersinking for the Atlantic coast and Gulf districts.....	106, 107



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## HISTORY OF THE SHIPBUILDING LABOR ADJUSTMENT BOARD, 1917 TO 1919.

### CHAPTER I.—ORIGIN AND ORGANIZATION OF THE BOARD.

The Shipbuilding Labor Adjustment Board was a product of the war emergency. It was impossible for the Government through the Emergency Fleet Corporation of the United States Shipping Board, the agency created to promote ship production, to advance far with its shipbuilding program without having to concern itself with labor. Shipyard owners were reluctant to commit themselves to contracts to deliver finished ships at stated prices, the so-called "lump-sum" contracts, without some stipulation making the Fleet Corporation as purchaser liable for unexpected increases in wages. The interest of the Government in labor costs under the so-called "cost plus" contracts was equally obvious. Even more important to the public interest than the maintenance of just and fair wages was the avoidance of stoppages in shipyards through industrial disputes. As shipyard owners and shipyard employees habituated their minds to the fact that thenceforth ship production would be exclusively for Government account and the Government would be the ultimate paymaster, they both, as a matter of course, looked to the Government to take the initiative in organizing machinery for regulating wages and working conditions and adjusting disputes. Moreover, the demonstrated patriotism of the organized workers was an asset that could be utilized fully only through some organization that would rally them to the enthusiastic promotion of every branch of industry upon which the building of ships depended.

The underlying thought directing the effort to work out some practicable plan of organization was the obvious one of all parties in interest coming together to meet a national emergency in which as citizens all were equally interested. The object of this coming together was a fair and honest adjustment of individual and group interests in such a way as to secure from labor the heartiest cooperation in meeting the emergency and a willing effort to bring about maximum output of ships. No intelligent estimate of the work of the Shipbuilding Labor Adjustment Board, either in whole or in its details, can be formed unless it is held constantly in mind that ships and more ships dominated the board's thought throughout the active period of the war.

#### AGREEMENT OF AUGUST 29, 1917.

During the summer of 1917 Louis B. Wehle, an attorney representing the Emergency Fleet Corporation, called upon Samuel Gompers, president of the American Federation of Labor, and discussed with

him the advisability of entering into an agreement with the Federation under which machinery for settling disputes in shipyards having contracts with the Emergency Fleet Corporation and the Navy should be created. Mr. Gompers referred Mr. Wehle to the officers of the Metal Trades Department of the American Federation of Labor. After conference between Mr. Wehle and officers of the Metal Trades Department, an agreement providing for an adjustment board was signed August 20, 1917.<sup>1</sup>

Some of the officers of the Metal Trades Department who participated in the conference were favorable to having the agreement cover the construction not only of the ship but also of its entire equipment, but upon further inquiry this plan was abandoned, because it became evident that the task would be too great to be undertaken by one board. However, it was understood that later a board would be created, similar to the one established under the agreement, which would have jurisdiction over the entire equipment of the ship. In passing, it should be noticed that a metal trades labor adjustment board, plans for which took definite form only in the fall of 1918, was contemplated at this early date in the history of the Shipbuilding Labor Adjustment Board.

#### ADJUSTMENT BOARD.

The jurisdiction of the board extended to disputes "concerning wages, hours, or conditions of labor in the construction or repair of shipbuilding plants or of ships in shipyards under the United States Shipping Board Emergency Fleet Corporation, or under said Shipping Board, or under contract with said corporation or with said board." It will be noted that in this language work for the Navy Department is not specifically mentioned. It was from the first intended, however, that the board should under certain circumstances have jurisdiction over working conditions and wages in private shipyards doing work for the Navy Department.

The second paragraph of the agreement provides:

If a question coming under the jurisdiction of the board arises with reference to such construction in a private plant in which construction is also being carried on for the Navy Department, the Secretary of the Navy or such person as he may designate shall sit with voting power as a member of the board. In the event of a tie vote, when the board is so constituted, the decision shall be referred to the chairman of the Council of National Defense or to such person as he may designate. This memorandum shall in no way serve as a precedent for procedure in Government plants under the War or Navy Departments.

The contracts of the Navy were such that it was necessary to exclude from the jurisdiction of the board certain Navy work, but except for this limitation the jurisdiction of the board was to extend to work for the Navy Department in private shipyards as well as to work for the Emergency Fleet Corporation. The effect of exclusion of certain Navy work from the jurisdiction of the board will be discussed in a later chapter. It was specifically stipulated that the agreement should not in any way serve as a precedent for procedure in Government plants under the War and Navy Departments. The navy yards were thus specifically placed beyond the jurisdiction of the board.

One of the members of the board, according to the agreement of August 20, 1917, was to represent the public and was to be appointed

<sup>1</sup> The text of the agreement is reproduced in the Monthly Review of the United States Bureau of Labor Statistics for October, 1917 (pp. 26-29).

by the President of the United States. The second member was to be appointed by the United States Shipping Board Emergency Fleet Corporation. In the case of disputes in plants doing work for the Navy Department, an additional member appointed by the Secretary of the Navy was to sit, with full voting power on the issues presented in such disputes. When the matter under consideration had to do with the construction of shipyards or steel ships, a representative of the metal trades, designated by Samuel Gompers, president of the American Federation of Labor, was to sit as labor member of the board. An alternate representative was also to be appointed by Mr. Samuel Gompers to sit when questions having to do with the construction of wooden hulls were under consideration. The question which one of them was to sit when general matters were under consideration was to be determined between them, or, in case of a disagreement, Samuel Gompers was to designate the one to sit.

In addition to the three or, in the case of Navy work, four members just specified, provision was made for "associate" members representing, respectively, the owners of the plant or plants concerned in any dispute and the majority of the workers in the craft or crafts interested. In case a tie vote occurred when the representative of the Navy was sitting as a sixth member, decision was to be referred to a person designated by the chairman of the Council of National Defense (the Secretary of War).

#### EXAMINERS.

The agreement set forth that the plants in which construction on Government account was going on should be grouped into geographical districts and that the builders and the representatives of international labor organizations to be designated by the labor member of the board should agree upon a person to act as examiner, the conditions of selection being laid down by the board. In the event of failure to select by this method, the board, by unanimous vote, was to appoint an examiner. Examiners were subject to removal by unanimous vote of the board at any time.

The agreement of August 20, 1917, did not contemplate that examiners would undertake the adjustment of disputes until certain other efforts had failed. The board took cognizance of a dispute irrespective of the source from which information of it came, but the agreement made the district officer of the Emergency Fleet Corporation the initial adjusting agency and provided that he should report to the board any dispute which he could not adjust satisfactorily to the principals concerned. Before reporting he was required to confer with the local spokesman or representative of the crafts affected, and with the heads of any interested local labor organization designated by the labor member of the board or, on their request, with the heads of international labor organizations interested or their authorized representatives. After providing in this way for efforts to bring about adjustment through the district officer, the function of the examiner was set forth in the following language:

When it appears to the board that such dispute can not be so adjusted, it will promptly send an examiner for said district to such plant to bring about mutually satisfactory adjustment, the terms of which shall, if they receive the approval of the examiner, be in a report submitted by him to the board for its ratification. If the examiner does not succeed in bringing about such adjustment, he shall, in his report to the board, recommend terms of adjustment. The board, after due consideration and such investigation as may seem necessary, shall decide the questions at issue.

**ADJUSTMENT OF DISPUTES.**

The general basis for adjustments was set forth as follows:

As basic standards with reference to each plant where such construction is being carried on, the board shall use such scales of wages and hours as were in force in such plant on July 15, 1917, and such conditions as obtained on said date in such plant. Consideration shall be given by the board to any circumstances whatever arising after such wages, hours, or conditions were established, and which may seem to call for changes in wages, hours, or conditions. The board shall keep itself fully informed as to the relation between living costs in the several districts, and their comparison between progressive periods of time.

In order to meet the situation created by unavoidable delays in making adjustments, and by agreements to continue work pending adjustment, provision was made that "under proper conditions" decisions of the board should be retroactive. In such cases a proper accounting was to be provided "in accordance with the direction of the board."

The finality of the board's decisions was provided for in the following language:

The decisions of the board will, in so far as this memorandum may be capable of achieving such result, be final and binding on all parties.

It was provided that after the expiration of six months following a final decision by the board, any question of wages, hours, and conditions in any plant, so decided, might be reopened upon the request of the majority of the craft or crafts at such plant affected by the agreement or decision.

**PARTIES TO THE AGREEMENT.**

The memorandum containing the agreement was signed, on behalf of the Government agencies concerned, by Edward N. Hurley, chairman of the United States Shipping Board; by W. L. Capps, general manager of the Emergency Fleet Corporation; and by Franklin D. Roosevelt, Acting Secretary of the Navy.

The following labor representatives signed, in person or by proxy, on behalf of their respective organizations: Samuel Gompers, president of the American Federation of Labor; James O'Connell, president, and A. J. Berres, secretary of the Metal Trades Department, American Federation of Labor; John Donlin, president of the Building Trades Department, American Federation of Labor; John R. Alpine, president of the United Association of Plumbers, Gas, Steam and Hot Water Fitters, etc.; William W. Britton, president of the Metal Polishers, Buffers, etc., International Union of North America; James A. Franklin, president of the International Brotherhood of Boiler Makers, Iron Ship Builders and Helpers of America; John J. Hynes, president of the Amalgamated Sheet Metal Workers' International Alliance; William H. Johnston, president of the International Association of Machinists; J. W. Kline, president of the International Brotherhood of Blacksmiths of America; Frank J. McNulty, president of the International Brotherhood of Electrical Workers; Milton Snellings, president of the International Union of Steam and Operating Engineers; Joseph F. Valentine, president of the International Molders Union; James Wilson, president of the Pattern Makers League of North America; Theobald M. Guerin,<sup>2</sup> general executive board, first district, United Brotherhood of Carpenters and Joiners of America.

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<sup>2</sup> This signature was withdrawn a few weeks later.

**ORGANIZATION OF ADJUSTMENT BOARD.**

Upon recommendation of the officers affiliated with the Metal Trades Department, the president of the American Federation of Labor appointed as labor representative on the board A. J. Berres, secretary of the Metal Trades Department.

The Secretary and the Assistant Secretary for the Navy, and Chairman Hurley and Admiral Capps for the Shipping Board, conferred with Mr. Gompers and with the officers of the Metal Trades Department as to a suitable person to represent the public. The outcome of these conferences was a letter from the Secretary of the Navy to the President of the United States recommending the appointment of V. Everit Macy, of New York, president of the National Civic Federation. The President appointed Mr. Macy as recommended. The first suggestions for a member representing the Emergency Fleet Corporation and the Navy were not followed, owing to the fact that the men whose names were suggested were thought by labor representatives to be antagonistic to organized labor and hence not suited to occupy a responsible position in an organization whose success necessitated the active cooperation and support of organized labor. Finally Mr. Hurley, on behalf of the Shipping Board, submitted the name of E. F. Carry, of Chicago, president of the Haskell & Barker Car Co., who was appointed as the third member of the board.

The board immediately organized, electing Mr. Macy chairman, Mr. Carry vice chairman, and Mr. Berres secretary; Mr. Wehle was assigned by the Emergency Fleet Corporation as counsel for the board, and Mr. Kemper was appointed as clerk and stenographer.

**SHIPBUILDING LABOR SITUATION DURING SUMMER OF 1917.**

There was a grave condition of unrest among shipyard employees at the time the board was organized. A strike involving 10,000 to 15,000 men was in progress in the shipyards surrounding New York, and there was also a strike in a plant at Wilmington, Del. A strike vote had been taken by the employees in various shipyards in Seattle, Portland, and San Francisco.

Upon consultation with Mr. Hurley, telegrams were sent by the board on September 2 to the Metal Trades Council of Seattle assuring them that, if the men would remain at work and would send representatives to Washington to present their requests to the Shipbuilding Labor Adjustment Board, the expenses of three delegates would be paid, and any decision arrived at by the Shipbuilding Labor Adjustment Board would be made retroactive to August 1, 1917. On the following day a similar telegram was sent to Portland.

Early in September the boiler makers of San Francisco went out on the issue of unfair material, which had been pending there, and on September 17 the other trades went out on account of wages.

**RESPONSIBILITY FOR INCREASED WAGE PAYMENTS.**

Pending the outcome of communication with the Pacific coast, the board held several conferences with yard owners and men in New York and with the superintendent of the Wilmington plant of the Bethlehem Shipbuilding Corporation and the union leaders at Wilmington.

The first question that arose in these early conferences was whether the cost of any wage increase should be borne by private employers

or by the Government department interested. The Shipping Board itself had been so recently organized and the conditions and facilities of the various yards were so varied that the Emergency Fleet Corporation was compelled to make a variety of contracts. In addition, the Government had commandeered all vessels under construction in the shipyards and assumed varying degrees of responsibility under these commandeered contracts.

It was clear that the question of financial responsibility for the payment of any increased wage awarded by the board was the first question to be decided. The issue was immediately brought to the front by the yard owners in New York and Wilmington flatly refusing to appoint representatives on the board until this question of financial responsibility was determined.

#### FINALITY OF BOARD'S DECISIONS.

Realizing that many millions of dollars were involved and that precedents would be established that would continue for the duration of the war, the board addressed to Chairman Hurley on September 7, 1917, a memorandum on the subject of financial responsibility for wage increases. On the following day a letter was received from Mr. Hurley, inclosing one from Admiral Capps, general manager of the Emergency Fleet Corporation, in which the position was taken that final approval of any decision involving increase in wages should be left for the Emergency Fleet Corporation, the ground for this position being that without such right of review the chairman of the board and the general manager of the Fleet Corporation could not be held responsible for the cost of ships. This responsibility, they contended, could not be delegated to others.

The board felt that the position of the chairman and the general manager of the Fleet Corporation was in conflict not only with the spirit of the agreement of August 20, but with the specific provisions of the agreement which provided that all decisions handed down by the board should be final and binding upon all parties to the agreement. The representatives of the Navy and the American Federation of Labor approved the stand taken by the board. Upon receipt of Mr. Hurley's letter, Mr. Carry, Emergency Fleet Corporation representative on the board, felt compelled to resign and presented his letter of resignation to Chairman Hurley on September 11, 1917.

Between that time and September 23, many conferences were held between the two remaining members of the board and the three parties signatory to the agreement of August 20. The question was finally laid before the President of the United States, and at a conference in which the President was represented by Mr. Tumulty, and at which Mr. Macy and Mr. Gompers were present, an understanding was reached that the board's decisions were to be final and not subject to review by any of the parties signatory to the agreement.

Mr. Carry was reappointed to membership on the board, and the Fleet Corporation assumed responsibility for seeing that decisions of the board were immediately put into effect and wages paid in accordance with such decisions. The Navy Department and the Emergency Fleet Corporation agreed to take up through their local staffs the adjustment of any increased wage scale with each company, according

to the terms of the particular contract under which the company was operating.

The initial organization period of the board's history was concluded by the action of the President in supporting the finality of the board's decisions. At the time the agreement of August 20 was signed, it was felt that the board should interfere as little as possible with the prevailing conditions in individual shipyards. It was the impression of all parties that the board would be required to function only in cases where strikes were about to occur, and that the wages established by the board would be minimum wages. If these assumptions had fitted the actual facts of the situation, the question of review and of responsibility for wage increases might not have come to the front with such insistence. The far-reaching powers confirmed by the President of the United States and the acceptance of the responsibility for wage increases by the Government lay at the foundation of all the subsequent work of the board.

#### AGREEMENT OF DECEMBER 8, 1917.

Experience on the Pacific coast as set forth in the next chapter revealed the necessity for material changes in the machinery of adjustment. In the revised agreement of December 8, 1917, reproduced as Appendix A (see p. 98), the provisions under which the board was constituted were changed to read as follows:

When disputes arise concerning wages, hours, and conditions of labor in the construction or repair of shipbuilding plants, or of ships in shipyards, under the United States Shipping Board Emergency Fleet Corporation, or under said Shipping Board, or under contract with said corporation, or with said board, or if questions coming under the jurisdiction of the board arise with reference to such construction in a private plant in which construction is also being carried on for the Navy Department, and attempts at mediation or conciliation between employers and employees have failed, the adjustment of such disputes shall be referred to an adjustment board of three persons, hereinafter called the "board," one to be appointed jointly by the said corporation and the Navy Department, one to represent the public and to be appointed by the President of the United States, and one to represent labor, to be appointed by Samuel Gompers, president of the American Federation of Labor.

Other changes brought about by the revised agreement were as follows:

1. In addition to the power of appointing examiners on its own initiative in case the representatives of employers and workers failed to agree, provision was made that "if the board deems it advisable itself to name an examiner or examiners" it might do so by unanimous action without referring the matter to the representatives of employers and men.

2. The revised agreement omitted the detailed provision for adjustment as between the district officers of the Emergency Fleet Corporation and the local representatives of labor.

3. The language with respect to basic standards for adjustment was changed from "such scales of wages and hours as were in force in such plant on July 15, 1917, and such conditions as obtained on said date in such plant" to read "the wage rate prevailing in the district in which such plant or plants are located, provided such wage rates have been established through agreements between employer and employees and are admitted to be equitable."

4. The revised agreement made provision for a board of review and appeal, to be made up of three members named jointly by the Emer-

gency Fleet Corporation and the Navy Department and three members to be named by the president of the American Federation of Labor.

These changes all worked in the direction of simplification and centralization. More definitely than the agreement of August 20 that of December 8 placed upon the international officers the authority to represent labor even in cases having a local significance and made one board, in which the Government, the general public, and labor were each represented by a single member, the instrument for all adjustments. Realization of the necessity of such a board, with power both to make final decisions and to create its own machinery for enforcing them, came not because of any preconceived theory but because of the growing appreciation of the gravity of the emergency which confronted the country and of the importance of unified action.

## CHAPTER II.—ADJUSTMENTS ON THE PACIFIC COAST, 1917.

On October 3, 1917, the members of the board started for Seattle. During the preceding week Henry R. Seager, of Columbia University, became executive secretary. The board was also accompanied by W. Jett Lauck as statistician, who later organized and directed, in cooperation with Carleton H. Parker and W. F. Ogburn of the University of Washington, the investigations into wage rates and cost of living in Seattle, Portland, and San Francisco on which the Pacific coast decision was based.

As the members of the board were about to start on this trip, Mr. Carry was taken ill and was compelled a second time to resign; the Emergency Fleet Corporation appointed Louis A. Coolidge, of Boston, treasurer of the United Shoe Machinery Co., as his successor.

As explained in the preceding chapter, delegates from Seattle and Portland had come to Washington, expecting to adjust the matters in dispute in the Puget Sound and Columbia River yards. Unfortunately their arrival in Washington was coincident with Mr. Carry's first resignation and the confusion resulting from the conflicting views as to the real status of the board. Consequently, there was no one in Washington at the moment with whom these delegates could officially negotiate. On September 21 the Portland representatives returned home, and on September 23, the very day on which the board reconvened after the binding authority of its decisions had been conceded, the Seattle delegation also departed. On the same day the board sent telegrams to the coast, saying that it expected to go there and hear all questions in dispute. Notwithstanding this action, by the time the disappointed delegates reached the coast, all the employees of the yards in Seattle and many of those in Portland were on strike. The strikes in Seattle, Portland, and San Francisco practically tied up the entire shipbuilding program on the coast. It involved 40,000 shipyard employees besides 10,000 other metal trade workers in California who had agreed to abide by prices established by the Navy.

The situation created by the failure of the delegates from the coast to accomplish anything by their journey East was an extremely delicate one. It was felt that the active cooperation of the international presidents of the unions involved would be necessary, in order to reestablish industrial peace. Five of the international presidents, therefore, were requested to go to the coast and cooperate with the board in getting the men back to work, pending final settlement of the questions in dispute. They responded to this request and joined the board shortly after its arrival in Seattle.

### SHIPBUILDING SITUATION IN SEATTLE.

The situation that the board found in Seattle was most complicated. Before the outbreak of the European war, the Seattle Dry Dock & Construction Co. was the only shipbuilding corporation in the city. During the period from 1914 to our entry into the war, two additional steel-ship yards had been built. Several yards had been opened for the construction of wooden ships. Immediately

upon the American declaration of war, two more steel-ship yards and many wooden-ship yards were begun in the Puget Sound district.

The longer a shipyard had been established the less remunerative were its contracts, for during the period from 1915 on there had been a rapid increase in the cost of material and labor. The owners of one of the steel-ship yards in Seattle were also interested in large lumber operations and started building ships originally for their own use. The demand for ships, however, even before our entry into the war, was so great that this company was able to sell the vessels built for itself at large profit and to obtain many remunerative contracts from private companies and foreign Governments. This company was managed by a far-sighted man who, in midsummer, 1917, came to Washington and obtained contracts from the Emergency Fleet Corporation for the full capacity of the yards for some time in advance. Realizing the competition for labor, a clause was inserted in these contracts providing that the prices on vessels included a 20 per cent increase over the wages they were then paying.

#### LABOR CONDITIONS.

The increase in the number of shipyards naturally created a great shortage of men skilled in the shipyard crafts, and the companies holding recent contracts had a great advantage in bidding for labor over those companies which had older contracts for lower priced ships.

The metal trades in Seattle had been accustomed for the most part to entering into annual agreements with the trade-unions. The agreement in force at the time of our entry into the war was to expire on August 1, 1917. The majority of men employed in the metal trades were in July, 1917, receiving wages well above the basic \$4 per day provided for in the agreement; the employees of the Seattle steel-ship yard mentioned above were very largely in this class. A 20 per cent increase over the existing wages, therefore, did not mean an increase over the wages stipulated in the existing agreement, but over a figure considerably in excess of that amount. The contracts and the policies of this company were instrumental in causing a great deal of the unrest that later developed. As this company was in a position to execute its contract profitably under any wage situation that was likely to arise, its employees received the impression that it was willing at its own expense materially to increase their compensation and that it was their generous advocate before the Government board. The mental attitude thus created was reflected in all the attempts at adjustment throughout the whole period of the war. Even after the armistice, this mental attitude persisted and furnished the whole psychological foundation for the Puget Sound strike in the winter of 1919.

Since competition for shipbuilding labor extended all the way from Vancouver to San Diego, with the Government as the sole contracting party, the effect of the Seattle situation reacted on the entire coast. A large number of new shipyards had been established within the preceding few months, and each of them was making a desperate effort to recruit its forces as far as possible from the older yards. Naturally anything which worked toward high wages for the employees of one company was far reaching in its effects.

**DEMANDS OF UNIONS.**

In July, 1917, the Metal Trades Council of Seattle submitted a new agreement to the yard owners. This agreement provided for payment of \$6 per 8-hour day for all basic crafts, and increased the wages of laborers, helpers, and semiskilled men in proportion. This agreement was proposed to take effect August 1, 1917, and to remain in effect for one year. There were also clauses providing for the closed shop and other union conditions.

Owing to the clause in the contracts of the Seattle company above mentioned, this company was able, without financial loss, to sign an agreement which went very far toward granting all the demands of the men. They agreed to pay \$5.50 a day for all the basic trades from August 1, 1917, to January 1, 1918, and \$6 a day thereafter. Some of the wooden-ship yards entered into similar agreements with their relatively few metal trades employees.

The other shipyards, having older or less favorable contracts declared that they could not concede the demands of their employees without incurring serious financial loss. They, therefore, refused to accept the proposed scale. The unions thereupon decided to call a strike, not only in all the shipyards, but in all the metal trade establishments in Seattle. Much ill-feeling and disappointment were caused by the return of the Seattle delegates without any settlement having been made in Washington. In some way the delegates had gained the impression from their talk with Mr. Hurley that the authorities in Washington felt that their claims were just and that the men were entitled to the \$6 per day asked for.

Another complication was the fact that the competition among the large number of yards building wooden ships had enabled the carpenters to sign an agreement with 90 per cent of the shipyards for a scale of \$6 a day for shipwrights, carpenters, and calkers.

When it was announced that the Shipbuilding Labor Adjustment Board would visit Seattle and hold hearings for the purpose of determining a fair wage scale, many of the smaller shops in that vicinity signed agreements with the unions granting their demands, pending the establishment of a wage scale by the board. These agreements provided that both parties to the dispute would be bound by the later decision.

**ACTION BY BOARD.**

In accordance with the section on basic standards in the agreement of August 20, the board caused a careful inquiry to be made into the changes in the cost of living which had occurred during the life of the previous agreement of the unions, i. e., from August, 1916, to August, 1917. There was some controversy as to which of the various figures secured should be given weight in making wage determinations, but the local circumstances on the coast in the fall of 1917 were such that cost of living was brought less insistently to the consideration of the board than were the peculiar conditions created by the wages already being paid and by the expectations which the men had been encouraged to entertain.

The board began its hearings October 8, 1917. As a first step a local representative of employees in the steel-ship yards and a local representative of the wooden-ship yards were formally accepted to membership on the board. Similarly a representative of the steel-

ship yard owners and a representative of the owners of wooden-ship yards were invited to sit with the board as members.

Public hearings were held morning and afternoon for five days, and during the evenings the board met with representatives of the men, trying to persuade them to return to work pending the decision. Owing to the fact that employees of the shipyards of Portland were also still on strike and that the competition for labor extended along the entire coast, the board realized that it would be unwise to render a decision establishing the wages and conditions of employment for Seattle alone without having knowledge as to conditions in other localities. This situation forced the board to consider whether it would not be wise to establish a uniform rate of wages for the entire Pacific coast in order to prevent the shifting of men from locality to locality. A suggestion to this effect met with the unanimous approval of the shipyard owners and of the representatives of the men in Seattle.

After giving the subject careful consideration, the board decided that it would hold hearings in Portland and San Francisco before making any wage decision, since it was clear that, in the event of the entire coast being agreeable to a uniform rate, it would be necessary to strike some sort of an average between the varying rates in effect at different points on the coast.

While it was generally agreed that a uniform rate was advisable, it was suggested that no awards be handed down until the board had finished its hearings. This suggestion met with opposition from the men in Seattle, and many of them, owing to the experience of their representatives in Washington, were opposed to returning to work until they knew the terms they were going to receive. The board decided, however, to proceed with the hearings in Portland and San Francisco. The international presidents of the unions had joined with members of the board in making a patriotic appeal to the men to return to work. By the time the board left Seattle on October 13, 1917, several of the unions of the Metal Trades Council had responded to this appeal. The vote to return upon the old conditions, pending final decision, was based on the promise that any award would be made retroactive to August 1.

The boiler makers' organization, which contained nearly half the men employed in the steel-ship yards, had not voted on the question of returning to work, and in consequence the five international presidents remained in Seattle after the board left in order to assist in obtaining a vote from all organizations immediately to resume work. This end was speedily accomplished and the international presidents joined the board in Portland early in the following week. The board arrived in Portland Monday, October 15, 1917, and began its hearings the following day. A representative was chosen by the shipbuilders to sit with the board and represent both the wooden and steel shipyards, where the men in the wooden and steel shipyards chose separate representation.

#### SHIPBUILDING SITUATION IN COLUMBIA RIVER DISTRICT.

Before 1914 there had been only one steel-ship yard in Portland. There was also one large firm which manufactured the boilers used on the entire coast, and against which the strike in San Francisco on account of unfair material had been called. About the time of our

entry into the war, three other steel-ship yards were constructed in Portland, and a large number of wooden-ship yards were opened in the Columbia River district.

#### LABOR CONDITIONS.

The labor conditions in Portland were entirely different from those in Seattle. The struggle between organized labor and the employers' association had been going on with bitterness for some years, and the employers' organization had been sufficiently strong to defeat all attempts of the unions to obtain recognition. Owing to the rapid multiplication of shipyards, and the shortage of labor after our entry into the war, the unions had obtained a good foothold, but their position was in no way comparable to that which the unions occupied in Seattle. Unlike the workers in the Puget Sound wooden-ship yards, the shipwrights in the Columbia River district had not been able to secure from employers the \$6 rate, and, in general, wages in Portland were considerably below the rates for similar work in Seattle.

#### ACTION BY THE BOARD.

For two days the board held hearings, mornings and afternoons, and spent the evenings in informal conferences with representatives of the men and with employers, trying to get the men back to work pending the decision of the board. The feeling of distrust and antagonism on both sides was too deeply rooted to permit of fairminded statements of the case, and not much progress was made. The storm by which the air was finally cleared broke forth in connection with an incident which well illustrates the lengths to which previous labor struggles had gone, and shows how these struggles complicated the task of the board.

During one of the hearings it was brought out that the employers' association had the previous year introduced a bill in the State legislature making it an act of conspiracy for anyone to try to change the relations between the employer and his employees. This proposed law failed of passage in the legislature, but a few months before the arrival of the board in Portland it was enacted as a city ordinance.

The second evening on which a conference was held, one of the labor leaders while on his way to the conference was arrested under this "conspiracy" ordinance and taken to the police station, together with some 120 other men who were talking in small groups in the street. This arbitrary action created an immediate crisis in the negotiations. The board expressed indignation that such action should be taken at a time of national emergency when a Federal board was trying to adjust disputes. The employers suggested that the mayor of the city should immediately be summoned before the board, but as a Federal body the board had no jurisdiction over either the mayor or the ordinance under which action had been taken.

The employers expressed surprise that the public authorities should so drastically enforce the ordinance and their deep regret over the occurrence. It was suggested, therefore, that two of the employers present should accompany two representatives of the union to the police station and either bail out or obtain the discharge of all the men detained. About midnight this joint committee returned, having brought about the release of the men arrested.

**AGREEMENT AS TO WORKING CONDITIONS.**

Success in this joint effort so changed the atmosphere that hearings during the next two days resulted in rapid progress. After the five international presidents arrived from Seattle and participated in the later conferences, an agreement was drawn up and signed by them and by the leading employers. Among the most important stipulations of the agreement<sup>1</sup> were the following: All questions relating to basic wage scale and overtime should be left to the determination of the board; grievances should be taken up by shop committees and presented to the foremen and superintendents, and if necessary, to the president of the company, the examiner being called in if the president failed to adjust the matter satisfactorily; no discrimination should be practiced against committeemen nor, in the reemployment of men, against those who had taken part in the existing strike.

Some question arose in connection with later adjustments as to whether this agreement limited the jurisdiction of the board in the Columbia River district, and a demurrer to certain findings of the board was expressed by one of the yards on the ground that the particular exercise of jurisdiction was not in accord with the agreement. The board considered itself bound by the Columbia River agreement, which was entered into for the duration of the war, but since that agreement itself contained an express provision making the memorandum of August 20, 1917, binding as part thereof, the board could see no basis for the demurrer. Except as to the working conditions prescribed by the agreement, the jurisdiction of the board was not affected by it.

An interesting but, for the purposes of the board, not a very important question arose as to whether the agreement was a recognition of the unions. Although it was drawn up after several conferences between the employers, the international presidents, and the Shipbuilding Labor Adjustment Board, the employers maintained that they had in no way recognized the unions, but had made the resulting agreement with the Shipbuilding Labor Adjustment Board. In any case, both sides had attached their signatures to the instrument.

After the agreement had been executed, all the Portland unions voted to return to work pending the decision of the board as to wages and hours to be rendered at the conclusion of hearings to be held in San Francisco.

**SHIPBUILDING SITUATION IN SAN FRANCISCO.**

The board began its deliberations in San Francisco on October 22. The president of the Iron Trades Council represented the employees, the assistant to the general manager of the Union Iron Works represented the shipyards.

President Wilson and Mr. Hurley had requested Gavin McNab, of San Francisco, to obtain a temporary settlement of the San Francisco strike, pending the arrival of the board. Mr. McNab had been accepted as the President's representative by both parties to the dispute, and had succeeded in the task set some time before the board's arrival.

As labor conditions in San Francisco had for many years been determined by joint negotiation and joint agreement between em-

<sup>1</sup> The text of the agreement appears in full in the Monthly Review of the United States Bureau of Labor Statistics for March, 1918 (pp. 72, 73).

ployers and employees, strongly organized on both sides, the presentation of the contentions of both sides was much more elaborate and time consuming than had been the case either in Seattle or Portland. In consequence the decision was not rendered until November 4, 1917.

#### PACIFIC COAST AWARD OF NOVEMBER 4, 1917.<sup>2</sup>

The Pacific coast award handed down at the conclusion of the meetings in San Francisco was one of the three decisions in the board's history in which action was not unanimous. In dissenting from the decision reached, the local representatives of labor were joined by the labor member of the board. Their reasons for dissenting were that the Puget Sound district had obtained the wage rates paid by the Skinner & Eddy Corporation, which were higher than the rate contained in the award of the board. The labor representatives took the position that this condition should be given greater weight in arriving at a wage rate for the entire coast and held for a basic rate of \$5.50 instead of the \$5.25 awarded. The majority of the board, on the other hand, held that the higher wage, applying only to 6,000 men should not be made the basis for the wages of 50,000 men, when the increase which such a wage represented was in excess of what was called for by the increase in the cost of living.

After some general statements concerning the policy of the board and the conditions of industry, the Pacific coast award contains the following statement concerning the factors considered in making the wage award:

In arriving at a fair wage scale, we have had two ends in view: Equalizing wage rates in the three shipbuilding centers, and adjusting wages to the higher cost of living resulting from the war.

The enticing of workers from one plant to another and from one city to another has had a demoralizing effect on the production of ships. The establishment of a uniform wage scale for the San Francisco, Columbia River, and Puget Sound districts will have a steadying influence. Therefore, since the cost of living in these districts is substantially the same, we have decided upon a uniform scale for all of them.

In order to preserve the standards of living in existence before the war, we took as a basis the rates on which employers and employees had united, as shown by the agreements in effect June 1, 1916. To determine the increase in the cost of living from that time until October 1, we made use not only of the evidence presented at our hearings in three cities, but also of all other available material and investigations, including Federal, State, and municipal reports. The wages fixed represent the wages current in the three cities, increased to conform to the ascertained increase in the cost of living.

We believe that public opinion approves the intention of the Government to protect, so far as may be possible, American standards of living. On the other hand, we do not believe that advantage should be taken of the national emergency to increase wages beyond a point corresponding to the increased cost of living. Attracting workers to the shipbuilding industries of the Pacific coast by establishing higher wages than are justified by the expense of living would, we believe, instead of improving the national labor situation, cause even greater disorganization than already exists. As a national board we feel bound to view our task nationally and arrive at decisions that will tend to increase the production of ships and other essential commodities, not merely in one locality but in the whole country.

Cooperation of employers and employees will be counted upon to adjust in proportion to the scale hereby fixed all differences, if any, which now exist or which may hereafter arise with respect to wages of employees not specifically named in the attached schedule. In any event, it must be borne in mind that any such differences not covered by this report and decision are subject to prompt adjustment through the medium of the examiner of each district.

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<sup>2</sup> The full text of this award appears in the Monthly Review of the United States Bureau of Labor Statistics for March, 1918 (pp. 67-73).

In selecting the rates prevailing June 1, 1916, as the basis for its decision instead of those prevailing July 15, 1917, as proposed in the memorandum, the board carried out the spirit, rather than the letter, of the agreement. The supplementary provision of the agreement that "consideration shall be given by the board to any circumstances whatever arising after such wages, hours, or conditions were established" clearly made it mandatory that the board should go back to the period when the rates which prevailed on July 15, 1917, first became effective. To have taken as a basis the rates of July 15, 1917, which had already been in effect many months, would have been highly unfair to the men. It was both more reasonable and more in harmony with the spirit of the agreement to take the rates mutually agreed upon before our entry into the war and to date the calculation of the increase in the cost of living from the period when these rates first became operative.

The wage for the so-called basic crafts in steel-ship yards was fixed at \$5.25 for an 8-hour day, with that for other crafts and workers in proportion. The rate for shipwrights in wooden-ship yards was fixed at \$6, and for wood calkers at \$6.50. The limited time at the disposal of the board for the formulation of its impatiently awaited decision caused it to include rates only for the crafts recognized in all the districts and to leave to the examiners, whose appointment was made a part of the award, the determination of the proper corresponding rates for the other more special crafts in the respective districts.

As already stated the basic rate of \$5.25 was strenuously objected to by the representatives of the men on the ground that higher rates were already being paid by one of the Seattle yards and by other individual employers in Seattle. The board believed that it met this objection by the insertion in the award of the provision that "rates of wages now being paid in excess of the minimum rates fixed are in no wise altered or affected by the establishment of these rates," and also believed that the increase for those receiving lower rates was all that the facts warranted.

The representatives of the Emergency Fleet Corporation and of the Navy, to whom appeal was made, feared that unless some further concession was made the men in Seattle and San Francisco, if not in Portland, would again walk out and felt that this must at all costs be avoided. They, therefore, hit on the expedient of a 10 per cent "war bonus" to be paid from December 15, 1917, to February 1, 1918, to all employees in the Pacific coast shipyards affected "who work for six consecutive days in any week, a total of not less than 48 hours." On and after February 1, 1918, when under the agreement a new award might be demanded for the Puget Sound yards, this 10 per cent was to be added for all employees without any attendance requirement to the wage scales fixed by the board or under its authority. The basic scale was thus raised on February 1 to \$5.775 without any action by the board, its task being limited to a determination of whether a still further advance was required on that date by the increase in the cost of living or by other circumstances.

The principal issues submitted to the board were dealt with in section 6 of the award as follows:

First. The minimum rates of wages to be paid the different classes of employees in the shipyards covered by this decision shall be as set forth in the schedule appended hereto (Exhibit A), which is made a substantive part of this award.

Second. These rates are to be retroactive for employees in the shipyards of the San Francisco Bay district from September 22, for those in the shipyards of the Columbia River district from September 5, and for those in the yards of the Puget Sound district from August 1.

Third. The shipyard owners shall pay to employees who were employed by them during the interval from the dates specified above for the respective districts and the dates when the new rates fixed by this award are put into effect, back pay for all the time they worked in such interval equal to the difference between their wages calculated at the new rates and the wages they actually received, such back pay to be paid within two weeks after this decision is to take effect.

Fourth. Rates of wages now being paid in excess of the minimum rates fixed are in nowise altered or affected by the establishment of these rates.

Fifth. The working conditions in the shipyards of the San Francisco Bay district shall be those agreed to by the representatives of employers and employees in said district as appended hereto (Exhibit B), which agreement is made a substantive part of this award.

Sixth. The working conditions in the shipyards of the Columbia River district shall be those heretofore established by the parties according to the terms of Exhibit C, hereto appended, which is made a substantive part hereof, and all existing craft conditions not changed by said Exhibit C shall remain unchanged unless modified by agreement of the parties approved by this board; provided that double time shall be paid for work on holidays and on Saturday afternoons in June, July, and August, and that rate of payment for work in excess of the 8-hour day shall be fixed by mutual agreement, or failing agreement by the examiner for the Columbia River district.

Seventh. The working conditions in the shipyards of the Puget Sound district shall be determined by collective agreement of the employers and employees in the shipyards of said district, subject to the approval of the board.

Eighth. This decision shall apply to all shipyards of the San Francisco Bay, Columbia River, and Puget Sound districts which were involved in disputes with their employees during September or October, 1917.

Ninth. In accordance with the understanding reached by all parties throughout the coast district, no change shall be made in any existing craft conditions nor shall any new craft conditions be established until the same shall have been agreed upon between employer and employee, subject to the approval of this board.

Tenth. This decision shall be put into effect on or before Monday, November 12, 1917.

As is stated above, Exhibits B and C, attached to the award, contain agreements as to working conditions in the San Francisco Bay and the Columbia River districts, respectively. Among the distinctive provisions of the agreement which covered the San Francisco Bay district were the following: After February 1, double time was to be paid for overtime and certain specified holidays; an additional 5 per cent was to be added to the daily rate of all men working on night shifts; grievances were to be taken up by duly authorized representatives of the firm and the union involved, or by a conference should these two representatives fail to adjust the difficulty, and by the examiner of the district should the conference in turn fail; strikes and lockouts were to be abandoned; the life of this agreement, unlike that of the Portland agreement, which was made equal to the duration of the war, was to be one year, a conference being announced to meet 10 months after the signing of the agreement to consider the relations to be established for the future.

Henry McBride, of Seattle; Richard W. Montague, of Portland, and Mortimer Fleischacker, of San Francisco, were appointed examiners to represent the board on the Pacific coast in connection with the many issues that inevitably arose under this award. The return of the board to Washington immediately after the announcement of the award and the difficulties and delays incident to long-distance communication thereafter threw upon the Pacific coast examiners a specially heavy burden.

### CHAPTER III.—DELAWARE RIVER AWARD.<sup>1</sup>

Even before the board started for the Pacific coast, disputes had arisen in some of the Delaware River yards. On August 28, 1917, about 600 men, members of the International Brotherhood of Boilermakers, Iron Shipbuilders, and Helpers, struck at the Harlan & Hollingsworth plant of the Bethlehem Shipbuilding Corporation at Wilmington. Strikes occurred also in this period in plants in and near Philadelphia. During the board's absence Raymond B. Stevens, vice chairman of the United States Shipping Board, succeeded in adjusting the differences on the basis of a 10 per cent increase in wages and the promise that any later award by the Shipbuilding Labor Adjustment Board should be retroactive to the date when the men returned to work, November 2.

Preliminary hearings were held by the board in Philadelphia, on December 20 and 21, at which opportunity was given to representatives of the employees of all of the Delaware River shipyards and to the shipyard owners to present their grievances. These hearings resulted in the appointment of a joint committee of shipyard owners and representatives of employees to agree upon a uniform classification of the occupations involved in steel-ship building which might be made the basis for wage determinations.

The board reopened its hearings January 3, 1918, and continued in session through January 11 and on January 14 and 15. Early in the series of hearings the subcommittee presented its report, which was accepted and made the basis of the classification of crafts, not only for the Delaware River district, but also for all the districts, except the Pacific coast, for which the board subsequently made awards.

One of the most difficult problems presented by the yards in the Delaware River district was the lack of uniformity in their wage scales. In the absence of collective agreements each yard had acted independently in the fixing of wages, and as a result the rates of compensation paid to the same crafts by the different yards varied greatly. These differences in hourly rates were made even greater, as regards earnings, by complicated piecework, allowance, contract, and bonus systems. Having no scale of wages adopted by mutual agreement on which to base its decision, such as was available on the Pacific coast, the board was compelled to average the wages actually paid by the different yards and to modify the resulting rates by giving due weight to all of the evidence submitted, particularly that in reference to the increase in the cost of living collected for it by the Bureau of Labor Statistics of the United States Department of Labor. The principal aims of the board in formulating its award were to adjust the rates fairly to the increase in cost of living and to establish substantial uniformity of rates and conditions in all of the yards of the district, and thus put a stop to the enticing of men from yard to yard, so detrimental to efficient production.

The decision was announced February 14, and was to take effect February 25, 1918. The wage rates prescribed were made retro-

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<sup>1</sup> The Delaware River award of Feb. 14, 1918, as revised Mar. 1, 1918, is printed in full in the Monthly Review of the United States Bureau of Labor Statistics for April, 1918 (pp. 182-188).

active to November 2, 1917, for all steel-ship yards of the Delaware River district actually engaged in the building of ships for the Navy Department and the Emergency Fleet Corporation; and to January 15, 1918, the date of the hearing on conditions in those yards, for yards predominantly in course of construction and for crafts which appeared before the board with definite demands.

The hourly wage rate for skilled craftsmen was fixed at 72.5 cents or \$5.80 for the standard 8-hour day, as compared with \$5.775 the standard daily rate prescribed since February for Pacific coast shipyards. The inclusion with this standard rate for first-class mechanics of several second-class and specialist rates made the Delaware River wage scale as a whole, however, somewhat lower than the official Pacific coast scale.

#### COMPARISON OF PACIFIC COAST AND DELAWARE RIVER AWARDS.

A comparison of the decisions for the Pacific coast and the Delaware River districts reveals very striking differences, due mainly to the diverse customs and conditions which the board found in these districts when they made the awards. The Saturday half-holiday was granted in the Delaware River district for the entire year, in keeping with a long-established custom. Because of the lack of adequate housing facilities near the yards, the reimbursement of employees for their car fare was granted when the cost to or from a yard exceeded the 8 cents charged for an exchange ticket by the street-car lines of Philadelphia. In accordance with established custom in this district, an addition of 10 cents to the hourly rate was granted to employees in dry docks. This proved unsatisfactory because some of the yards did repair work outside of dry docks while, on the other hand, one of the yards used its dry dock as a way for new ship construction. On the joint recommendation of the examiners later chosen for the district the 10-cent differential was subsequently made to apply to all employees engaged on repair work as contrasted with new construction.

Another characteristic of the Delaware River award was the recognition in the case of some of the crafts of a second-class mechanic. This was again in conformity with local custom as embodied in the uniform classification of occupations recommended by the joint committee of yard owners and employees. In no case was a second class inserted by the board except on the basis of such recommendation; in several instances the second class was omitted from the wage scale, although some of the yards were in the habit of dividing their mechanics not merely into two, but into three, four, or even more classes. The controlling consideration in determining whether or not a rate for second-class mechanics should be included for any craft were the adequacy of the available supply of fully qualified mechanics to do all the work required and the ease with which the work of a first and of a second class artisan could be distinguished. For example, in the case of carpenters, there was found to be a serious deficiency in the supply of qualified ship carpenters, but a more nearly adequate supply of ordinary house carpenters. It seemed expedient under these conditions to recognize a second class for ship carpenters with the expectation that it would be used as a starting rate for training house carpenters for the special work required on a ship.

## SPECIAL SYSTEMS OF PAYMENT.

The special methods of payment, other than at hourly rates, i. e., piece rates, allowance, contract, and bonus or premium, presented one of the most serious problems with which the board was called upon to deal. Piece rates for the crafts engaged on the hull, riveters and calkers, drillers and reamers, were viewed not only by the yard owners but by a great majority of the employees immediately concerned as indispensable to efficient production and to a satisfactory scale of earnings. The premium or bonus system was the central feature in the shop organization of one of the largest and most efficient yards on the river. Even the contract system for one of the crafts, the ship fitters, was deemed by many of the yard owners and by the most skillful of the fitters themselves as preferable to the straight hourly wage system. As a war agency the Shipbuilding Labor Adjustment Board considered the speeding up of ship production its paramount duty. On the basis of the evidence presented by both sides it early decided that the abolition of piecework would be inexpedient and that uniformity must be sought rather through the prescription of uniform piece rates, which would become more and more defensible as the yards were all raised to the 100 per cent efficiency in equipment and organization, which must be the goal of all Government regulating agencies in the war emergency. Piece-rate scales for riveting, chipping and calking, drilling, reaming, and lining up were therefore included in the decision.

As regards the other special systems of payment, the board laid down in its decision the broad principle<sup>2</sup> that "no bonus or premium in addition to the minimum rates and piece rates prescribed in this award shall in future be paid," but added the saving clause "except with the express permission of the board." In response to the letter calling attention to this proviso, which accompanied the decision, only the yard already referred to, which had made the premium system a central feature of its organization, requested permission to continue it in operation. After satisfying itself that a change for this yard would be disrupting at the very time when the production of more ships was the crying need of the hour, the desired permission was granted. Requests to introduce the premium system subsequently made by other yards were denied on the ground that introducing the system was a very different matter from maintaining it when already in full operation, and that other methods more acceptable to the employees would better bring about the increased efficiency which the yard owners desired.

Uniform piecework scales were an addition to this decision not found in the Pacific coast award. A feature of that award conspicuously absent from the Delaware River decision was the prescription of shop committees. This omission was due to the board's confident expectation at the time its decision was rendered that the yard owners and their organized employees would enter into a joint agreement establishing machinery for the prompt and amicable adjustment of local grievances and its conviction that machinery adopted by joint agreement was preferable to any machinery which it might prescribe. When it was realized that the yards of this dis-

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<sup>2</sup> Section 3 of award.

trict were not yet ready to enter into a joint agreement with representatives of their organized employees, the provisions for shop committees embodied in the South Atlantic, North Atlantic, and Great Lakes decisions, subsequently issued, were made in the October decision to apply also to the Delaware River and Baltimore districts.

#### EXTENSION AND REVISION OF AWARD.

Although its decision was based upon investigation of conditions in the Delaware River yards, the board satisfied itself that the best interests of the Government would be served if the Delaware River district were made to include also the yards in and near Baltimore. Request for such an extension having been received from the organized workers in these yards, it was formally ordered on February 16 in notices communicated to the yard owners and representatives of the employees, respectively.

In response to requests from yard owners and men a conference to consider the revision of the decision was held in Washington on February 26. Representatives of the yard owners and of the men of both the Delaware River and Baltimore districts were present. The result of this conference was the announcement of a revised edition of the award under date of March 1. The changes in classification and rates in the new award had to do chiefly with the inclusion of rates for certain occupations that had been overlooked, e. g., packers, passer boys, etc., and a revision of certain rates that were proved to be out of harmony with the general scale, that is, those for plumbers, pipe fitters, drillers, etc. Further conferences and the hearings preparatory to the South Atlantic and North Atlantic decisions of March 4 and April 6 made possible a second revision of the decision under date of April 6, in which further additions and corrections were made and the scale of wage rates was made substantially uniform for the whole Atlantic coast and Gulf.

The scale of piece rates which had been handed down in the original award had been revised under date of February 25 and thereafter the piece rates, though recognized as a part of the award, were printed and distributed separately in the well-known "black books."

The provision for reimbursement of the men for the cost of transportation to and from work was restated to make clear that the entire cost of transportation, and not merely that which was in excess of 8 cents, was to be paid to the men. This generous policy toward employees living at a distance was deemed necessary, since these men must lose much time in their trips back and forth, even when reimbursed for their expenses, and complaints of inability to get and retain sufficient employees were constantly increasing.

E. C. Felton, of Philadelphia, and Judge George Gray, of Wilmington, Del., were chosen examiners for the district on the joint recommendation of representatives of the yard owners and the organized employees. In August an assistant examiner was appointed to supervise the yards in the Baltimore district. The maintenance of industrial peace and the fairly prompt adjustment of grievances in the district during the ensuing months was due in a large measure to the work of these examiners.

Machinery for the adjustment of disputes and the enforcement of the award in the yards of the Delaware River and Baltimore districts was in full operation when the revised decision of March 1 was issued. When it is remembered that 60 per cent of the tonnage being constructed on the Atlantic coast was being built by the yards on the Delaware River and vicinity, the enormous load put upon this machinery becomes evident. But for the fact that the office of the board in Washington was near enough to be kept in constant telephonic communication with the offices of the examiners in Philadelphia and Wilmington, the machinery would hardly have stood the strain put upon it. In consequence of this propinquity it was possible to try out in this district without disastrous consequences many of the issues involved in the attempt to regulate wages and working conditions for an entire industry through a Government board.

#### CHAPTER IV.—DELAWARE RIVER PIECEWORK AWARD.

Among the causes of dissatisfaction and unrest in the Delaware River yards which were brought to the attention of the board at its Philadelphia hearings, none was more serious than the divergent piece rates paid by the different yards for substantially the same work. Not only were the rates different, but in the case of riveting, where the proceeds must be divided among the riveters, the holders-on, and the heaters, constituting the usual working gang, the plan of division was different. In one yard the practice had even grown up, after a strike on the part of the heater boys, of paying the heaters a special bonus in addition to their proper share of the gang's pay. Great as these differences actually were, they were magnified still more by rumors that constantly circulated up and down the river causing the pieceworkers in some of the yards to feel that they were receiving less than their fellows in other yards, even when as a matter of fact they were receiving as much or more. This was possible because the yard owners failed to supply their pieceworkers with printed piece-rate scales, arguing that they might be misinterpreted and give rise to endless controversy, and even failed to revise the printed scales supplied to their foremen and counters to correspond to reality, depending on verbal statements that to the printed scales a certain percentage was to be added.

Dissatisfaction with the prevailing piece-rate scales extending over a long period and the conviction, based on experience, that if they exerted themselves to increase their earnings beyond a certain amount the rates would be cut, had caused the organized employees to enter into a tacit agreement not to turn out more than a certain daily amount of product in their different lines. This limitation of output, though the almost inevitable result, in a competitive industry, of piece rates whose stability was not guaranteed by some authority in whom the employees had confidence, was a serious obstacle to that maximum production of ships which was the board's constant aim.

Representatives of both the shipyards and the organized employees united in urging the board to undertake the standardization of piece as well as of hourly rates. Appreciating that a uniform scale of piece rates must result in widely divergent piece earnings in shipyards differently equipped and managed, the board had refrained from any such attempt on the Pacific coast. On the Delaware River there seemed more ground to hope that all of the yards might be brought speedily up to maximum efficiency and that the improvement of the backward yards would be hastened by the establishment of uniform piece rates and the necessity this would impose of better equipment and better management if skilled pieceworkers were to be retained. Moreover, conditions as regards the attitude of pieceworkers toward their work were so unsatisfactory when the board held its hearings that it seemed as though any change must be a change for the better.

## STANDARDIZATION OF PIECE RATES.

As a basis for the standardization of piece rates, the board first secured from the different yards the piece-rate scales in effect at the time of its hearings and from the organized pieceworkers a statement of their demands. This information was not always comparable since different yards used different methods of describing the work to be done. It proved necessary, therefore, to request the joint committee of the representatives of the yard owners and the organized employees to agree upon a uniform description of the different kinds of work to be covered by the piece-rate scales, and to submit this in turn to the yard owners and to the pieceworkers for a restatement of their current rates and of their demands, respectively. All of the information so secured having been tabulated, conferences were held, under the chairmanship of the secretary of the board, with joint committees representing the yard owners and the different piecework crafts to secure as far as possible joint recommendations as to scales of piece rates that would be fair and reasonable under all of the circumstances. Both sides showed an admirable desire to agree upon a fair scale of rates, and such merit as the scales finally approved by the board may have had was largely due to the work of these joint committees, whose sessions were often continued late into the night.

The joint recommendations of these conference committees, or separate recommendations, when the two sides could not reach an agreement, were carefully considered by the board, after it had decided upon the hourly wage rates to be fixed. With some modifications the joint recommendations were approved and proportional rates fixed for work for which no joint recommendations were forthcoming. The publication of uniform piece-rate scales for riveting, chipping and calking, drilling, reaming and lining up as appendixes to the decision of February 14, 1918, brought the proposed rates for the first time to the attention of all the yard owners and pieceworkers concerned. Naturally many objections and criticisms were raised, and not a few errors were discovered. The board considered these in the rehearing on the Delaware River decision on February 26, made such modifications and corrections as were proved fair and reasonable, and incorporated them in the first edition of the "black" or "piece-rate" book, the proof of which was held up until the scales could be put in final form.

One purpose of the attempt to standardize piece rates was to put an end to the constant bickering between employees and yard owners as to the rates to be paid and to cause pieceworkers to give their undivided and whole-hearted attention to the problem of turning out the greatest possible number of ships. A further measure in this direction was the formal announcement that the piece rates established should "under no circumstances be lowered during the duration of the war." The following notice was printed on the inside cover of the "black book" and on placards which were posted conspicuously in all the steel-ship yards to which the rates applied:

The piece rates prescribed as part of its award by the Shipbuilding Labor Adjustment Board, and printed in the piece-rate book for Delaware River and Baltimore shipyards, shall under no circumstances be lowered during the duration of the war. In the name of the people of the United States, we urge employees in shipyards to do their utmost toward winning the war by removing all limitations upon output and hastening in every possible way, each according to his capacity, the production of ships.

SHIPBUILDING LABOR ADJUSTMENT BOARD.

## ENFORCEMENT OF THE AWARD.

The constant breaking in of new men without the special skill acquired by long training, incident to the enormous expansion of the American shipbuilding industry during 1917 and 1918, makes comparisons of average output during the war period misleading. It appears certain, however, that there was a decided improvement in the morale and efficiency of pieceworkers on the Delaware River during the months immediately following the publication of the uniform piece rates and assurance that they would not be cut. If this improvement did not continue, it was due to the circumstances outside of the control of the board to which reference must now be made.

The Shipbuilding Labor Adjustment Board relied entirely upon the Navy Department and the Emergency Fleet Corporation for the enforcement of its decisions. In the case of its hourly rates, uniform rates signified uniform earnings, craft by craft, and enforcement was comparatively easy. In the case of its "black book" rates, so long as the yards remained equipped and managed with varying degrees of efficiency, uniform rates signified diverse earnings for men of the same ability in the different yards and enforcement was correspondingly difficult. From the very beginning certain of the steel-ship yards failed to adhere rigidly to the "black book" rates, and as the number of yards to which these rates applied was increased by the completion of new yards and by the extension of these same rates to the New York and New England districts (order of July 18, 1918), violations became so common that the prescribed scales represented not the rates actually paid, but, as one yard owner expressed it, the springboard from which the much higher rates offered by some of the newer and undermanned yards jumped, as the competition for qualified pieceworkers became more and more frantic. The departures from the uniform rates assumed a variety of forms. In some cases there was a simple percentage addition to the pieceworkers' earnings. A method of evasion less easy to detect was to add a certain number of rivets to those actually driven or of feet to those actually calked as a basis of payment. Most common of all was the resort to the "allowance system," which in its most flagrant form substituted a lump sum for the nominal piece rates to be paid, irrespective of the amount of work done. In one case it was found that gangs of highly skilled riveters were guaranteed an allowance of \$60 per day of eight hours as contrasted with the allowance rate of \$22.75 permitted under exceptional circumstances in the rules laid down by the board. The demoralizing results of an hourly rate of \$3.30 to favored riveters (the equivalent of the \$60 day rate to the riveting gang) when the hourly rate fixed for other skilled craftsmen was 72.5 cents, can well be imagined.

As evidence of wholesale violations of the piece-rate scales fixed by the board accumulated, the efforts of the Navy Department and Fleet Corporation to enforce these scales were increased, but as the relative scarcity of skilled pieceworkers increased even more, violations continued up to the time of the signing of the armistice, when the feverish pressure to increase ship production was suddenly relaxed.

## CHAPTER V.—SOUTH ATLANTIC AND GULF AWARDS.

In many ways the situation presented by the shipyards of the South Atlantic and Gulf offered more serious obstacles to the standardization of wages and working conditions than those of any other section. Most of them were new yards born of the war emergency. Not only was there a deficiency of skilled workmen of the crafts employed in shipbuilding, but many of the employers knew little of the business, having been induced by the prospect of large profits, by patriotism, or by both motives combined to venture some of their own and a good deal of the Government's money in an unfamiliar enterprise. Wooden-ship yards predominated, but there were also steel-ship yards, which planned to draw their materials from the Alabama steel mills. Some of the yards were located at places like Jacksonville, where manufacturing industries were already established, but most of them were at small ports where agriculture and fishing were the industries in which the local population had previously been engaged. Finally, the race problem was an overshadowing influence in the labor situation, and a source of perennial friction and dissatisfaction irrespective of whatever adjustments of wages or hours might be decided upon.

Disputes had arisen in the Gulf yards about Mobile, Ala., and Beaumont, Tex., while the board was absent on the Pacific coast. Upon its return and its decision to deal first with the demands of employees of the Delaware River yards, it sent special representatives to effect temporary adjustments of pending disputes, secure information with reference to local conditions, and prepare the way for hearings and a formal decision by the board, to be undertaken as soon as the Delaware River award should be concluded. These representatives accomplished their principal purpose of preserving industrial peace, and the information they brought back was of substantial assistance to the board in its later deliberations.

Owing to unavoidable delays the formal hearing on conditions, disputes, and demands in the South Atlantic and Gulf yards was not held until the week beginning February 20, 1918, when representatives of most of the yards and of the organized shipyard employees, three from each locality, came to Washington at the invitation of the board to present their grievances and proposals.

All of the evidence submitted indicated the prevalence of lower wage rates and less favorable working conditions in the South Atlantic and Gulf ports, particularly for unskilled laborers, than prevailed on the Delaware River. Also the scarcity of skilled craftsmen was emphasized and the probable necessity of training men locally, since a similar scarcity was beginning to be felt in all the shipbuilding centers of the country.

### PROVISIONS OF AWARD OF MARCH 4, 1918.

In the light of all of the evidence presented and the knowledge it had acquired in connection with its previous awards, the board issued its award for the South Atlantic and Gulf yards on March 4, 1918. It

was made retroactive to various specified dates for the different yards and districts in conformity with promises made by representatives of the Emergency Fleet Corporation or of the board itself in connection with the settlement of earlier disputes. This retroactive provision, unavoidable under the circumstances, proved a source of endless friction because of disputes as to the amounts due individual employees under it, and the inability of the auditors of the Navy Department and the Fleet Corporation to complete the necessary auditing of accounts for weeks and even months after the decision was rendered.

In regard to hours and working conditions, the board established for the district the same standard conditions, with minor exceptions, that it had prescribed for the Delaware River yards. The only important variation was that the Saturday half holiday for these yards was limited to the summer months, as on the Pacific coast, since no such half holiday had been recognized in the South prior to the board's award, while in the Delaware River district the half holiday throughout the year was an established local condition of long standing.

Provision was made for the election of shop committees similar to the provision jointly agreed to for the Columbia River yards, and thus a long step was taken toward the recognition of the right of the employees to treat collectively with their employers.

Since several of the South Atlantic and Gulf yards were poorly situated from the point of view of adequate local housing facilities, a provision was inserted similar to that of the Delaware River award, directing the shipbuilding companies to provide employees coming from a distance and expending more than 10 cents a day for transportation with free commutation or other tickets.

There were also special provisions designed to insure the health, safety, and comfort of employees in the yards of the district. These were all the more important because so many of the yards were new, and therefore inadequately equipped, and because outside work under the Southern summer sun was specially exhausting.

The wage scale fixed was determined by the wage rates found to be in actual operation and the information procured by the Bureau of Labor Statistics of the United States Department of Labor in regard to the increase in the cost of living. In general the rates were 5 to 10 cents an hour lower than those fixed for the Delaware River. In the case of laborers, in conformity with established local custom, rates were prescribed for "laborers" and for "common laborers."

To meet the great shortage of fully qualified journeymen in the yards of this district "shipyard owners unable to secure an adequate force of fully qualified journeymen at the rates specified [were permitted to] employ men who [had] not yet become fully qualified journeymen at minimum hourly rates 10 cents less than those fixed for such journeymen [in the award]; provided that such men if retained in employment [should] be advanced to journeymen's wages after \* \* \* six months."<sup>1</sup>

#### EFFECT OF AWARD OF MARCH 4, 1918.

There had been disappointment in the Delaware River district because the board's award failed to raise the wage rates at once to

<sup>1</sup> Concluding paragraph of award of March 4.

the rates granted in the Pacific coast award. That was as nothing to the disappointment felt by employees in the South Atlantic and Gulf yards because they were not at once given the rates fixed for the Delaware River. The lower rates which had prevailed and the lower costs of living, owing, among other things, to the milder climate, were entirely overshadowed in their reasoning about the rates they should receive by the consideration that they were doing the same kind of work on the same kind of ships for the same Government and therefore, they thought, deserved the same rates of pay. Dissatisfaction was particularly felt with the provision permitting the payment of 10 cents less than the scale to men who were not fully qualified journeymen. It was insisted that many of the yard owners would make the resulting lower wage their standard rate of pay, claiming that none of their men were really qualified journeymen. The reliance of the board upon the sense of fairness of the yard owners and upon the judgment of its examiners in seeing that the spirit of the award was carried out was unfortunately not shared by the representatives of the employees.

At the same time that it issued its award the board took steps to appoint examiners for the three districts into which the South Atlantic and Gulf yards were divided. Through the efforts of these examiners the shipyard employees were induced to continue at work, meanwhile preparing arguments to convince the board that a rehearing should be granted and that its decision should be revised.

During the weeks immediately following the announcement of the South Atlantic and Gulf award, the board was more than occupied with hearings on conditions and demands in the North Atlantic yards. It was not until the end of the month (Mar. 28 to 30) that it was able to grant to representatives of the South Atlantic and Gulf employees the rehearing that they had so earnestly demanded. Little new evidence was presented at this hearing, but two aspects of the case were made to stand forth with compelling clearness. First, it was brought out that not merely the employees concerned but their employers and the local representatives of the Government shared the opinion that the speeding up of the shipbuilding program in the South Atlantic and Gulf yards could best be brought about by making the wage rates for skilled employees the same as were paid in the Delaware River district. Second, it was proved that the southern yards could not hold even the inadequate number of skilled workers they possessed during the hot summer months about to begin unless they were permitted to pay at least the same wage rates as their northern competitors.

The hearings on conditions in the North Atlantic yards, showing wide local variations and an increasing competition among yard owners for skilled employees, predisposed the board to lend a sympathetic ear to the arguments for a uniform wage scale for the whole Atlantic coast and Gulf district. The board unanimously agreed that only such an adjustment offered promise of stability, and that, notwithstanding the undoubted differences in wage rates and cost of living between North and South before our entry into the war, equal pay for equal work in whatever section of the country performed was the only principle that could be safely adopted by a Government wage board as the basis of its policy.

REVISED AWARD OF APRIL 6, 1918.<sup>2</sup>

The board issued on April 6, 1918, the same date on which the North Atlantic award was made and the second revised Delaware River decision was announced, a revised South Atlantic and Gulf award, which established the same wage scale for skilled workers for the whole Atlantic coast and Gulf, except for the Newport News yard, for which a scale adapted to its very special conditions had meantime been established.

The preamble of this revised decision explained so clearly the grounds for the important changes made that it should be quoted:

To the South even more than to the North the shipbuilding industry is a new industry. Not only shipyards and equipment have to be called into being, but skilled mechanics have to be drawn in or trained in numbers far beyond the available local supply. To these obstacles to the successful prosecution of the industry, the long, hot summer offers a further handicap. Testimony not only from employees but also from employers and the district officers of the Shipping Board Emergency Fleet Corporation presented at our second hearing indicated a very general conviction that unless wages and other conditions are made as attractive in southern yards as they are farther north skilled workers, whose earnings permit them to move freely from place to place, will migrate. In fact we are advised officially that such migration from one southern city has already begun. Unless this tendency is checked, the completion in any near future of the ships in process of construction in the southern yards will be impossible.

In the light of these facts we have decided to substitute a modified wage scale for that previously announced. By means of it we hope that the shipyard contractors may be enabled to draw skilled mechanics to their yards from interior towns. Encouraged by it we hope that these skilled craftsmen and the employees in the southern shipyards will disprove the current assumption that southern labor is less efficient than northern labor and set an example to the whole country by turning out the ships we so vitally need in record-breaking time.

By establishing the same wage scale for skilled mechanics for the whole Atlantic coast and Gulf, we have made it possible in coming months to institute accurate comparisons between all shipyards. The actual cost of each ton of shipping turned out by the different yards will from now on measure the efficiency of the shipyard employers and employees in these yards and enable the Government to decide wisely what yards should be fostered through additional shipbuilding orders and what should be suppressed because unable to keep pace with the rest of the country. Southern shipyard owners and shipyard employees are thus given an opportunity by our decision to show that they can build ships as economically and efficiently as the shipyards of any other district. We believe that they will seize this opportunity with loyal enthusiasm for the benefit of our common country.

The differential in the rates for "laborers" and "common laborers" was made 10 cents in this award by increasing the rate for laborers to the 40 cents an hour prescribed for the whole coast.

AWARD OF MARCH 7, 1918, AS TO NEWPORT NEWS SHIPBUILDING & DRY DOCK CO.<sup>3</sup>

In addition to the general decision applying to yards south of Chesapeake Bay, the board issued on March 7 an award fixing wages and working conditions for the Newport News Shipbuilding & Dry Dock Co. This yard was unique in that it employed a large proportion of colored men and boys, not only as unskilled workers but for some of the most highly skilled work involved in shipbuilding. Its force had been built up through the careful training of employees for their

<sup>2</sup> See the Monthly Review of the United States Bureau of Labor Statistics for May, 1918 (pp. 130-136) for full text of this award.

<sup>3</sup> This award is printed in full in the May (1918) issue of the MONTHLY REVIEW of the United States Bureau of Labor Statistics (pp. 127-130).

special work in the yard itself, and relations between the employing company and the majority of the employees were satisfactory. To impose on this large and efficient plant in its comparatively isolated position and with its unique organization the standard wage scale which appeared adapted to other plants on the coast would have retarded rather than hastened ship production at the very time when the vessels under construction at this yard were particularly needed by the Navy Department. Under the circumstances, the board felt constrained to prescribe wage rates for the yard based on the rates it found in force but advanced to correspond with the increase in the cost of living. By gradual degrees these rates were further adjusted in amending decisions issued during succeeding months, and the way was prepared, without any impairment of the yard's efficient organization, for bringing it under the award applying to all of the yards of the Atlantic coast, Gulf, and Great Lakes issued on October 24, 1918, and effective from October 1.

## CHAPTER VI.—NORTH ATLANTIC AND GREAT LAKES AWARDS.

### NORTH ATLANTIC AWARD.<sup>1</sup>

The situation as regards wages and working conditions in the North Atlantic shipyards presented obstacles to standardization only slightly less serious than those encountered in the South Atlantic and Gulf districts. The owners of the yards located in and near New York Harbor had been in continuous conflict with the strongly organized building trades of New York, Newark, and the other centers, and though they had persistently refused to treat with the representatives of the labor organizations, their hours and wage rates approximated those prevalent in the building trades. At the other extreme were the yards along the Maine coast which, like some of the southern yards, had only farming and fishing as competitors for the local labor supply and were therefore able to secure employees by offering only a little more than these industries could afford to pay. Moreover, in addition to yards constructing steel and wooden vessels of every conceivable type, the North Atlantic ports contained most of the repair yards of the country. In New York Harbor, particularly, the pressure under which repair work was habitually performed had given rise to customs in reference to extra compensation for overtime, special payments to the night shift, etc., which were a constant cause of complaint in the shipbuilding yards proper, which could not and felt that they should not extend the same privileges to their more regularly employed men.

As a preliminary to its hearings in reference to conditions, disputes, and demands in the North Atlantic yards, the board sent investigators to the principal adjacent industrial centers, who collected fairly complete data in regard to wages, hours, and other conditions in the manufacturing and building industries most closely related to shipbuilding. It also secured full information from the shipyards themselves as to the hours they were working and the wages they were paying, and was therefore fully informed in reference to general industrial conditions in this district before it undertook to make its award.

The formal hearings to which representatives of the shipyards and of the organized employees interested in shipbuilding were invited, began on March 11, 1918, and occupied the succeeding 10 days, covering the steel-ship yards of New York and vicinity, Boston and vicinity, and in and near Bath, Me.; the wooden-ship yards of New England coast; and the repair yards of New York Harbor. As was inevitable the preparation of the demands of the employees devolved principally upon the well-organized building trades of the New York district.

After careful deliberation the board rendered its award on April 6, 1918, extending the Delaware River wage scale to the North Atlantic yards at the same time that, as already explained, it was applied by its amended decision to those of the South Atlantic and Gulf.

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<sup>1</sup> See Monthly Review of the United States Bureau of Labor Statistics for May, 1918 (pp. 136-142) for text of award.

In explanation of its decision it prefaced its award with the following statement:

The wage rates set forth in Exhibit A are higher than those now paid in the North Atlantic shipyards and as high or higher than the rates paid in the most representative outside shops employing the same crafts as the shipyards. Nevertheless they are lower than were requested by the representatives of organized labor at our hearings. The principal argument urged for still higher rates was the increase in the cost of living in the vicinity of New York City claimed to have been not less than 100 per cent since the beginning of the war.

Appreciating the justice of the contention that wages should be advanced to keep pace with the rising cost of living, we have made a special effort to secure exact information on this point. A thorough investigation of changes in the New York district, not only in retail prices of food, clothing, and other items consumed by wage earners, but also in rents, related to the family budgets of over 600 typical families whose heads are employed in shipbuilding, has been made for us by the United States Bureau of Labor Statistics. This proved an increase so much smaller than that claimed by the representatives of labor that we submitted the data which they presented at our hearings to the bureau for careful analysis. The bureau's report shows that the principal reason for the discrepancy was the difference in the method used in the two investigations. The bureau correctly weighted each item in its investigation according to the proved importance of that item among a normal family's expenditures; in the investigation of the men showing the 100 per cent increase all items, even the most insignificant, were treated as of equal importance. Thus salad oil, increasing 275 per cent, was treated as equally important with bread, increasing only 33½ per cent; caps, increasing 100 per cent, as equally important with suits of clothes, increasing only 52.2 per cent. Other reasons for the abnormally high increase in the cost of living shown was the comparison of the prices of vegetables and fresh fruits in the winter with their prices in the summer, and of the prices of winter garments with those of summer garments. In view of the fact that the conclusions of the Bureau of Labor Statistics as to the true rise in the cost of living since the beginning of the war correspond closely with other investigations, such as those made for the railroad brotherhoods and submitted by them in connection with their request for an increase in wages, we feel constrained to accept it as substantially accurate. Adding this increase to the wage rates submitted by the men as having prevailed in shipyards in 1914, we get rates somewhat lower for nearly all crafts than those given in Exhibit A. We believe, therefore, that the wage scale fixed makes full allowance for the increased cost of living in the New York district, which appears to have been about the same as in other localities.

Because of this fact and of the necessity which the war imposes of adopting the policy which will result in the maximum production of ships in the minimum time, we have thought it our duty to disregard local considerations and to stabilize as much as possible the whole shipbuilding industry. Though this policy does not benefit wage earners equally in all sections, it works injustice to none. We count confidently on the patriotic cooperation of both shipyard owners and employees to make this national war policy a success.

#### PROVISIONS OF AWARD.

The working conditions prescribed in the award were the same as those prescribed for the South Atlantic and Gulf yards, except that employees engaged on repair work "upon or for vessels undergoing repair" were given the same extra compensation for overtime and for work on Sundays and holidays as was customary in their respective yards when the award was rendered.

There were also the same provisions in regard to the organization of shop committees and the adjustment of grievances through these committees as in the South Atlantic award.

The extra compensation of men engaged on the night shift was made 5 per cent, a provision which gave rise to much controversy owing to the higher rates customary in some of the repair yards.

Finally, as in the Delaware River and South Atlantic awards, work in excess of 12 hours a day or 60 hours a week for any employee was prohibited "except when ordered by the Navy Department or the Emergency Fleet Corporation, or to protect life or property from

imminent danger." The purpose of this provision, in addition to discouraging the excessive hours and therefore the inefficiency that had resulted in some yards from the desire to speed up production, was to encourage the introduction of additional shifts as soon as an adequate force of employees could be drawn into the shipyards from the less essential industries.

Although there was a good deal of disappointment with the award on the part of the employees, particularly in the New York district, it was accepted and lived up to in good faith so far as the men were concerned. It was a much more difficult matter to get the yards to put it into operation. As they had not been parties to the agreement which created the board, many of them viewed this interference with their right to determine wages and working conditions for themselves as unreasonable and even intolerable.

The succeeding months were a period of continuous struggle for the examiners appointed to represent the board in the different districts to secure compliance with the award by the yards under their jurisdiction and acceptance of their interpretations of its provisions, which were disputed even when expressly confirmed by the board itself.

#### GREAT LAKES AWARD.<sup>2</sup>

The issuing of the north Atlantic award left unprovided for only the Great Lakes district. Local disputes had occurred in several of the yards of this district and in one case a settlement had been effected with the promise that any award later made by the board should be retroactive for that yard to the date when the men went back to work. The employees, confronted by steadily increasing living costs, had become so impatient for some readjustment of wages that the shipyard owners, with the authorization of the Emergency Fleet Corporation, introduced a new scale to be effective on April 1, 1918.

All of the shipyards on the Great Lakes were open shop in the sense of being unwilling to deal with the international unions to which an increasing number of their employees belonged. The officials of these unions, being fully advised as to the existence of the board and the scope of its authority, viewed any adjustment proposed by the yard owners as temporary and insisted upon their right to present their grievances and demands directly to the board, as had then been done in all of the other districts of the country.

As in the north Atlantic district, the board sent representatives to the shipbuilding centers of the Great Lakes to secure information in regard to wages and working conditions in related industries. It also received reports from the U. S. Bureau of Labor Statistics, whose agents were busy in that district, in regard to changes in the cost of living in the principal industrial centers on the lakes. Immediately on the completion of its North Atlantic award, it invited representatives of the Great Lakes yards and of the organized employees to a hearing in Washington which occurred on April 8 to 10.

The evidence presented at this hearing and the other data secured showed conclusively that conditions in the industrial centers about the Lakes were similar to those found in the Delaware River district,

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<sup>2</sup> The variations in this award from the North Atlantic award are set forth on page 142 of the May, 1918, issue of the Monthly Review of the United States Bureau of Labor Statistics.

and that substantial justice would be done to all concerned if the Delaware River scale were extended also to this district. Having decided upon this course, the board was able to proceed rapidly with the drafting of the award, which was announced on April 19 and made effective for all of the yards from April 1.

In explanation of its decision the board prefaced its award with the following statement:

The shifting of employees from yard to yard, which we have found to be one of the most serious influences retarding the progress of the shipbuilding industry, can only be checked effectively by making conditions uniform over an entire competitive area. With the easy means of transportation about the Lakes, and from the Lakes to the seaboard, the Great Lakes region now constitutes part of the same competitive area as the north Atlantic coast. This is demonstrated not only by the movement of employees from the shipyards of the Lake region to those of the Atlantic coast in response to higher wages, but by the substantial uniformity in the wages paid in the yards, for example, of Buffalo, Cleveland, Detroit, and Chicago, and in those of Philadelphia and Baltimore, before our decision fixing the wage scale for the Delaware River and Baltimore districts was rendered on February 14. We have made a careful study of all of the evidence as to wages and other conditions in the shipyards of the Great Lakes submitted at our hearings on April 8 to 10, and have come to the conclusion that substantial justice will be done to all classes of employees if we establish for these yards the same wage scale, hours, and other regulations that we have established for the yards on the north Atlantic coast. This wage scale will advance substantially the wages now paid in these yards to nearly all crafts; but to make certain that the wages of no individual employee will be reduced in consequence of the change, we have inserted a provision (fourteenth) declaring expressly that such wages shall not be altered or affected by this decision.

The provisions of this award with reference to working conditions, extra compensation to the night shift, limitation of working hours, shop committees, etc., were the same as those of the north Atlantic decision and therefore require no special attention.

Walter L. Fisher, of Chicago, was appointed examiner for the Great Lakes district, and under his direction a conference was held in Chicago on May 31 and June 1 at which piece-rate scales to be recommended to the board were agreed upon, and the interpretation and application of the important provisions of the award were considered. The board approved the special piece-rate scale proposed for riveting, justified by the smaller type of vessel building on the Great Lakes, but decided after careful study that the Delaware River scales for chipping and calking, drilling and reaming were equally adapted to the Great Lakes yards, and that they should be followed.

#### **POLICY OF BOARD AS TO JURISDICTION OVER YARDS.**

In connection with the north Atlantic and Great Lakes awards, a difference of opinion in reference to the policy which it was wise and proper for the board to pursue developed among its members. A minority opinion by the Navy Department's and Emergency Fleet Corporation's representative on the board was appended to these awards as follows:

In my opinion there should be a clear disavowal of any intention to impose the findings of the board upon shipyards within which no disputes between employer and employed have arisen resulting in the failure of attempts at mediation or conciliation between those directly involved. The board, under the memorandum creating it, has no jurisdiction over such yards. It is established to meet a grave war emergency; and its machinery should not be used by organizations of employers or employees to strengthen permanently such organizations or to change working conditions in plants where labor controversies do not imperil effectiveness of operation or impede production.

The opposing view of the majority was that, while a literal adherence to the exact wording of the agreement creating it would limit its action as suggested, regard to the spirit and purpose of the agreement required the broader policy which the board had adopted. Both experience and reason, in the opinion of the majority, demonstrated that failure to extend a decision to all of the yards within a competitive area would result in friction and demoralization, rather than in harmony and efficiency. If the yards left out paid less than the rates established by the decision, their employees would almost certainly strike for the official rates. If they paid more the decision would itself be discredited in the yards to which it applied, and agitation for higher rates would persist on the part of the rank and file, however loyal the officials of the unions might be to their obligation to have the decision accepted and lived up to. As explained in Chapter II this last alternative was actually experienced in the Puget Sound district because of the policy of one of the Seattle yards, and the absence of uniformity in that district which resulted was a perennial source of unrest and dissatisfaction in the ship yards of the whole Pacific coast. While recording his opinion, the minority member, of course, accepted the decision of the majority as controlling, and subscribed to all of the other provisions of these decisions, which applied, as indicated, to all of the private yards doing work for the Navy Department or the Emergency Fleet Corporation in their respective districts.

## CHAPTER VII.—FINAL AWARDS OF THE BOARD, OCTOBER, 1918.<sup>1</sup>

During the summer of 1918 the general labor situation became increasingly strained. The limited labor force of the country, no longer recruited by immigration, was reduced by the draft at the very time that the expansion of war industries called for more and ever more workers. Employments for which women and girls were fitted met the situation by drawing them into industry. Shipbuilding and other undertakings requiring men had no such resource. For them the labor problem, in the sense of the problem of securing an adequate force of workers, became ever more acute.

Up to this period the numerous labor adjustment boards that had been created<sup>2</sup> had operated quite independently. Confronted by convincing evidence of the increase in the cost of living and of the necessity, in their respective fields, of higher wages as a means of attracting the additional men which were required, they tended in each new decision to adjust wages upward. The consequence was an actual bidding against each other for workers by the different Government departments concerned with vital war industries. This doubtless benefited wage earners by giving them higher wages, but it could not increase the available labor supply. Instead it merely increased the labor turnover and thereby lessened the output of our national industries at the very time when increased production was so vital to our success in the war.

Such a situation had been clearly foreseen by the advisory commission appointed by Secretary Wilson to formulate plans for the reorganization of the labor activities of the Government to meet the war emergency. In accordance with its recommendation a National War Labor Policies Board had been created, on which all of the important governmental departments having to do with labor matters were represented. It was hoped that this War Labor Policies Board would be able to unite the different departments on a national labor policy including uniform standards as to working conditions and harmonious action touching wage adjustments.

No group concerned with labor adjustments on behalf of the Government was more alive to the necessity of a definite national labor policy than the Shipbuilding Labor Adjustment Board. Required to fix wages in shipyards from the Atlantic to the Pacific and from the Great Lakes to the Gulf, it observed the demoralizing results from one end of the country to the other of the haphazard methods that had been followed, at the same time that it appreciated, from its own experience, the steady effect of uniform wage scales applying over great areas.

<sup>1</sup> See Monthly Labor Review of United States Bureau of Labor Statistics for December, 1918 (pp. 198-212), for text of these awards.

<sup>2</sup> Altogether some 18 Government labor adjustment boards were created during the war. Several of these functioned under the War Department (e. g., Emergency Construction Wage Commission, National Harness and Saddlery Adjustment Commission, etc.). Several served under the Railroad Administration. The Fuel Administrator had a labor adjuster. Closely connected with the Shipbuilding Labor Adjustment Board was the National Adjustment Commission, concerned with the loading and operation of ships. Finally, the National War Labor Board had jurisdiction over industries for which no special boards had been constituted.

Although not officially represented on the Labor Policies Board, the members of the shipbuilding group gladly served on committees of this board as long as there appeared any prospect that it would succeed in its task of developing a national labor policy. Meantime it withheld any further wage adjustments, although a readjustment of the Pacific coast scale had been demanded and was due as of August 1, in the hope that agreements might be reached that would make any new scale a steadying and stabilizing influence rather than a new incitement to labor shifting and general unrest.

Unfortunately the opposing interests of the different departments of the Government and the absorption of each in its own problems and difficulties were too great to be overcome through the agency of a board organized as was the Labor Policies Board.

As soon as this became clear, the Shipbuilding Labor Adjustment Board decided that it was its manifest duty to explain the dilemma which confronted it and the other adjustment boards directly to the President. In August the members and secretary of the board presented the subject to President Wilson in a personal interview and were greatly encouraged by his expressions of interest and of a desire to bring the departments together in some common plan of action.

#### PROPOSED NATIONAL LABOR POLICY.

As a result of this interview the President requested Secretary Wilson to call together in his name representatives of all of the labor adjustment boards to confer as to ways and means of bringing about the unification which all felt to be necessary. Meantime the Shipbuilding Labor Adjustment Board was authorized to announce that its new awards were being withheld at the request of the President pending conference to determine the Government's future labor policies.

Out of the conference called by Secretary Wilson grew the Conference Committee of National Labor Adjustment Agencies, which, as the result of protracted discussions, finally agreed upon the formulation of "recommendations \* \* \* to serve as a basis for a national labor policy to be announced by the President," and presented them to Secretary Wilson for transmission to the President on October 14.

The President did not consider it expedient at that critical period himself to proclaim the substance of these recommendations as the national war labor policy, and as a consequence their formal publication lacked the authority necessary to make them binding and effective and the country emerged from the war, with the signing of the armistice on November 11, as it had entered it, without any clear-cut national labor policy to which all departments of the Government were bound to conform. Although little of practical consequence thus came of these recommendations, they are so important as recording the conclusions of the Shipbuilding Labor Adjustment Board and other wage-adjusting agencies as to what should constitute the national labor policy that they are reproduced in full as Appendix B (see p. 100).

The further delay in the announcement of its long overdue awards caused so much unrest and dissatisfaction that the Shipbuilding Labor Adjustment Board finally decided to release them in advance of the anticipated presidential proclamation establishing national standards for all governmental industries. The new wage scales were formally

submitted to the conference for the information and guidance of other departments of the Government before they were made public, and the danger that standards as to working conditions might conflict with those which it was hoped that the President would soon announce was avoided by the insertion in both the Pacific and the Atlantic, Gulf, and Great Lakes decisions of the following provision:<sup>3</sup>

Pending the announcement of a national labor policy standardizing working conditions on Government work and work for the Government, the working hours, holidays, and extra compensation for overtime, holidays, and work on the night shift shall remain as established for shipyards and repair yards in the respective districts by previous decisions of this board.

#### UNIFORM WAGE SCALE ISSUED.

As a consequence of its experience of the results following the establishment of different wage scales for different shipbuilding districts, the board was convinced by the summer of 1918 that the interests of the Nation would be served by the establishment of one uniform scale for the whole country. The issue of a single award to apply to all shipyards was precluded by the different classifications of shipyard occupations that had been adopted in Pacific coast and Atlantic coast, Gulf, and Great Lakes yards. It was therefore decided to issue simultaneously two awards, one for the Pacific Coast and one for the Atlantic coast, Gulf, and Great Lakes, but to make the wage rates fixed in both for identical occupations, so far as feasible, the same. These awards were formally announced on October 24, the new rates being retroactive for employees in Pacific coast yards, as had been promised, to August 1 and effective for employees in Atlantic coast, Gulf, and Great Lakes yards as of October 1. Both decisions announced that the readjustment was intended to conform to conditions as of October 1 and would therefore remain effective at least until April 1, 1919.

Even though it was convinced that uniform rates for skilled occupations would serve the best interests of the Government, the board still felt bound by the memorandum creating it to give careful consideration to the increase in the cost of living in the different sections. Fortunately the changes in the cost of living reported by the Bureau of Labor Statistics supported rather than opposed the board's plan of unifying rates. Before October 1 the bureau's agents had made careful studies of the changes in the cost of living measured by reference to a normal family budget in the 5 Pacific coast and 16 of the principal Atlantic coast, Gulf, and Great Lakes shipbuilding centers. These covered approximately the periods since the board's previous wage adjustments in the different districts. Averaging the increases reported for the Pacific coast centers, the board found that the increase from October, 1917, when the cost of living made the basis of its previous Pacific coast award had been calculated, to October, 1918, was 20 per cent. Similarly averaging the increases shown for the Atlantic coast, Gulf, and Great Lakes centers for the eight months from December, 1917, to August, 1918, the board found that the increase had been 15 per cent. In the absence of statistics for the precise period, February to October, since the first of its previous decisions for eastern shipyards had been made, it assumed that the increase for these months was the same as for the overlapping eight months covered by the bureau's investigation—that is, 15 per cent.

<sup>3</sup>Sec. XXIII, of Pacific coast award, and Sec. XXV of the Atlantic coast, Gulf, and Great Lakes award.

## PROVISIONS OF AWARDS.

Applying the 20 per cent increase to the basic wage which had been fixed for skilled crafts in Pacific coast yards of \$5.25 per diem, the board found the new daily wage called for to be \$6.30, or 78.75 cents an hour. Similarly, applying the 15 per cent increase to the basic wage for skilled trades in eastern shipyards of 70 cents an hour, the board found a new hourly wage of 80.5 cents indicated. In view of the nearness of these rates, the board felt fully warranted in striking a rough average and fixing on 80 cents an hour as the new basic rate for skilled shipyard occupations in all the shipyards of the country. This was, if anything, overgenerous to employees in Pacific coast yards, but the local labor situation was so favorable (had free play been allowed to the law of demand and supply) to even higher rates there that averaging up rather than averaging down was deemed expedient.

The smallness of the increase was a great disappointment to many of the employees, who had demanded and confidently expected to receive \$1 an hour. Nevertheless the award was accepted and its provisions carried out, except in some of the Pacific coast yards, especially those of Seattle and San Francisco, where, as explained later, dissatisfaction with the new rates and other circumstances eventually led to strikes.

While basing its new rates chiefly upon the ascertained increase in the cost of living, the board deemed it inexpedient to increase rates already above the base rates in exact proportion to the increase in the cost of living. Such higher paid employees were given advances of approximately 15 instead of 20 per cent in Pacific coast shipyards and of approximately 10 instead of 15 per cent in eastern yards, with occasional modifications for the purpose of establishing one uniform rate for a given occupation for the whole country, when this was thought feasible.

As the rates established by these awards are still (August, 1920) the standard rates in most of the shipyards of the country, and as they have had a widespread influence on wage scales in related employments, the complete wage schedule of the Atlantic coast, Gulf, and Great Lakes award is reproduced as Appendix C (see page 103).

In its earlier awards the board was under the necessity of laying down rules at the same time that it applied them. To forestall the controversies to which this practice inevitably gave rise, the board formulated, as a part of these decisions, the principles by which it would in future be guided. The dissolution of the board before another general award was called for prevented it from applying these principles, but they are not without interest as recording the policies and procedure which the board had come to consider expedient. They are stated in identical language in Section II of both awards as follows:

(a) Until such time as the President may determine that the national interest requires suspension of the policy of advancing the wages of laborers, helpers, and journeymen in the basic skilled crafts to correspond with "general and material increases in the cost of living"<sup>4</sup> we shall deem it our duty to be guided in future readjustments by such ascertained increases.

(b) The authority upon which we shall continue to rely for information as to changes in the cost of living is the agency of the National Government which has been created

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<sup>4</sup> Quoted from the memorandum creating the board.

and is maintained to make statistical investigations of labor conditions—the Bureau of Labor Statistics of the United States Department of Labor.

(c) After conference with representatives of the other governmental wage-adjusting agencies, we have decided that the dates at which it will be most expedient to make wage adjustments are October 1 and April 1. We have requested the Bureau of Labor Statistics to make the necessary investigations, so that we may be advised of future changes in the cost of living in time to announce on those dates whether readjustments are required and what readjustments.

(d) To give precision to the expression “general and material increase in the cost of living,” we rule that, as used in the memorandum, this phrase means an average increase in the cost of living in the shipbuilding centers of the district to which any wage adjustment applies of not less than 10 per cent. It is clearly our duty to relieve shipyard employees of the burden that “material” and long-continued increases in the cost of living would impose upon them; but we deem it also our duty to relieve Government industries of the unsettlement and loss that result from readjustments in wages, unless increases in the cost of living that are really “material” have taken place.

(e) We divide the country for wage-adjustment purposes into two districts: (1) Pacific coast and (2) Atlantic coast, Gulf, and Great Lakes. For administrative purposes in the settlement of grievances, until further notice, we divide the shipbuilding centers of the country into nine districts—two on the Pacific Coast, one on the Great Lakes, two on the South Atlantic and Gulf, and four on the north Atlantic.

#### INCLUSION OF ADDITIONAL OCCUPATIONS.

In addition to fixing new rates for occupations which had previously been under the jurisdiction of the board, the decisions announced for the first time rates and working conditions for certain occupations not previously regulated. These were draftsmen and copyists, leading men and quartermen, guards, watchmen and sergeants, and instructors. The variable rates of pay and conditions of employment in the different yards for these occupations had given rise to much controversy. The board hoped that this would be lessened by a standardization of rates which would assure all employees in these occupations just and equal treatment in all of the yards of the country. The immediate effect of the announcement of the new rates was protest from yards where higher rates than were authorized by the board, particularly for leading men and quartermen in piece-rate occupations, had prevailed. The existence of these higher rates and their unsettling effect for other yards had been one reason for the board's action, but the duration of its authority was too brief to enable it to meet all legitimate objections and see the advantages that it had hoped for from standardization actually realized.

For the protection of individuals whose compensation had been higher, the decisions contained the provision (Section XIV):

Hourly or weekly rates of wages now being paid to individual employees in excess of the rates fixed are in no wise altered or affected by the establishment of these rates, provided that employees taken on or transferred to a different occupation after this decision becomes effective shall be paid the rates established in Schedule A; provided further that this shall not be interpreted to sanction rates improperly fixed by any shipyard.

There were also in both awards provisions<sup>5</sup> that rates of wages for occupations not included would be established later and that “meantime, existing rates for these occupations are to remain unchanged, except on the recommendation of the district examiner approved by the board.”

In some of the earlier decisions<sup>6</sup> yard owners had been required to reimburse employees for their transportation expense to and

<sup>5</sup> Sec. XX of the Pacific coast award; Sec. XXI of the Atlantic coast, Gulf, and Great Lakes award.

<sup>6</sup> See Chapters III and V.

from the yard when this exceeded a stated amount per day. Experience had shown that the Emergency Fleet Corporation and the Navy Department could best handle the problem of labor supply for the yards, and it was therefore deemed expedient for the board to divest itself of jurisdiction over this whole problem in favor of these authorities. This was done through Section III of the Atlantic coast, Gulf, and Great Lakes award.

Some of the earlier awards had made provision for shop committees to serve as local administrative bodies in the adjustment of grievances. As explained in Chapter VIII the Atlantic coast, Gulf, and Great Lakes award contained a general provision setting up shop committees in all yards in the eastern district. The Pacific coast award continued in operation the Portland agreement providing for shop committees for the Columbia River district, but left local adjustments in the other districts, as theretofore, to the agencies mutually agreed upon by the yard owners and organized employees, subject always to appeal to the board through its examiners.

#### TRAINING AND RATES OF WAGES OF LEARNERS.

Other important provisions of the awards were the sections in reference to the training of learners.<sup>7</sup> The importance and difficulties of the problem of training learners are discussed fully in Chapter VIII, and it is, therefore, necessary at this point merely to indicate what these provisions were. Both awards contained the following general pronouncement:

At a conservative estimate, the shipyards of the country will require 200,000 additional employees to carry out the present shipbuilding program. Whenever the board shall be convinced by investigation, in connection with which the representatives of the employees, as well as the shipyard owners, shall be consulted, that there is an inadequate supply of qualified mechanics in any occupation, and that this can not be met by transferring qualified mechanics from nonessential industries in other parts of the country, the board will issue regulations covering the following points:

(1) The method of training new men to be set up and administered subject to the supervisory control of the director of industrial relations of the Emergency Fleet Corporation; (2) the rate of wages to be paid those admitted to the training course; (3) the duration of the course; (4) the rate to be paid graduates of the course during a stated probationary period before they shall be entitled to receive the wages fixed for fully qualified journeymen; and (5) the method of determining when graduates of the course have acquired sufficient skill to entitle them to be ranked as qualified journeymen.

Supplementing this general statement of a proposed policy, the carrying out of which was made unnecessary by the signing of the armistice, the Pacific coast award contained a definite statement of approval of systems that had been entered into by mutual agreement between yard owners and organized employees in Seattle, by which new men might be licensed to work for a definite period as learners at learners' rates, provided that they should thereafter, if still employed, be entitled to the full journeyman's wage.

The Atlantic coast, Gulf, and Great Lakes award contained more specific provisions for learners' rates in certain occupations in which there was a generally admitted shortage of qualified journeymen. For example, learners undertaking to become riveters and chippers and calkers were to receive 56 cents an hour for a period of six weeks,

<sup>7</sup> Sec. XXII, of the Pacific coast awards; Secs. XXIII and XXIV of the Atlantic coast, Gulf, and Great Lakes award.

when, if retained in employment, they were to be given the 80-cent rate of qualified journeymen. Similarly, learners for the lower paid occupations of driller, reamer, etc., were to start in at the laborer's rate of 46 cents, but after periods of employment varying from two to four weeks, if retained in these occupations, they were to receive full journeyman's wages. To prevent any tendency to employ learners to the exclusion of available journeymen in piece-rate occupations, there was a general provision that: "Whenever put on piecework learners are to receive the regular piecework rates." Although the armistice followed so soon after the announcement of these definite regulations regarding learners, they were not without value as principles for the guidance both of yard owners and union leaders as to a fair and reasonable method of meeting a labor shortage in any skilled trade. The periods of training prescribed were deliberately made short for the purpose of attracting a large number of promising candidates from less essential occupations.

#### MISCELLANEOUS PROVISIONS.

In addition to the provisions considered there were others of minor importance which call for no special comment or discussion. Among them the following were included in identical language in both awards:

*SECTION V. Discrimination against union or nonunion men prohibited.*—Believing that in this national emergency past differences between employers and employees must be forgotten in the common determination to produce the maximum possible number of ships, the board will not tolerate any discrimination either on the part of employers or employees between union and nonunion men; provided that this declaration is to be interpreted so as to conform with the principles laid down by the President of the United States in his proclamation of April 8, 1918, creating the National War Labor Board.

*Sec. VI. Weekly pay.*—Except where otherwise provided by joint agreement, employees shall be paid at least once a week on the company's time and in no case shall more than one week's pay be held back.

*Sec. VIII. Prompt payment on withdrawal from employment.*—Any employee laid off, discharged, or quitting of his own volition shall as promptly as possible and in any event within 24 hours receive all wages due him.

*Sec. IX. Compulsory insurance assessments prohibited.*—Disapproving of insurance assessments arbitrarily required by employers and with due regard to the limitations of existing statutes, we direct that no employee who makes request for exemption in writing shall be required by the employing shipyard to pay any assessment not made obligatory by State law for insurance, medical attendance, or other benefits.

*Sec. X. Medical first aid to be provided.*—Competent medical first aid shall be provided for employees requiring such aid and paid for by the employer.

*Sec. XI. Adequate toilets, washing facilities, and drinking water to be provided.*—Shipyard owners are directed to provide for their employees adequate and sanitary toilets, washing facilities and pure drinking water, properly cooled during the summer months.

*Sec. XII. Additional sanitary precautions.*—Our attention has been called to the danger to the health of painters resulting from the use of spraying machines and from poisonous gases and fumes in inadequately ventilated portions of the vessel in which they are employed. We request that our examiners bring such conditions when found to exist in their districts promptly to the attention of the director of industrial relations.

*Sec. XVI. Further extensions of existing premium, bonus, or contract systems without express authorization prohibited.*—A primary purpose in adopting a national wage scale for shipyard employees is to stabilize labor conditions. Experience has taught us that the premium, bonus, and contract systems of wage payment may, unless controlled, be used to entice employees from one shipyard to another. We therefore direct that no further extensions of the premium, bonus, or contract systems be made in any shipyard without the express written authorization of this board.

## CHAPTER VIII.—ADMINISTRATIVE WORK OF THE BOARD.

The Shipbuilding Labor Adjustment Board originated in an atmosphere of labor conflict. It was natural, therefore, that its members should at first count on the normal opposition of interest and consequent vigilance between the employers on the one side and the employees on the other as a large factor in enforcing awards. It was expected that there would be a tendency on the part of employers toward holding standards down, at least to the point fixed by the board. The situation in Seattle, in which there had been an acute labor shortage and where some of the firms were encouraging men to ask for more than the board was willing to give, was regarded as exceptional, and it was not at that time foreseen that one of the major difficulties would be to prevent employers from going beyond the standards set.

Under the actual conditions that developed, however, employers, instead of being influenced by the simple motive of securing labor as cheaply as possible, were actuated by extremely complex and varied motives. This complexity showed itself in the fact that alongside of a tendency to exceed the board's findings in order to make a bid for labor, the same employer would act, with respect to other features of the award, in accordance with his normal employer psychology which tended toward depressing the standard. The employer naturally saw the situation from the standpoint of his own difficulties; this inclined him to push up the standard at the point of momentary shortage even at the expense of disarranging established relations between different workers and different crafts.

Though in many cases the persistence of the instinctive opposition between employer and worker was a serious obstacle to the administrative work of the board, the absence of normal employer reactions presented an even greater difficulty. If at the beginning of the war some plan could have been devised by which shipyard owners could have retained an economic interest in keeping down costs, many of the things which failed to be done because of inadequate administrative machinery might have occurred automatically.

### DIFFICULTIES IN ENFORCING AWARDS.

Without dwelling too long upon the conflicting motives of yard owners, a glance at the problems which had to be faced in trying to enforce the board's awards indicates to what extent there was a failure to utilize what the yard owners might have contributed to the efficiency of enforcement. Such a survey also reveals at once the conflicting points of view from which the employers approached the several problems of adjustment.

In so far as yard owners were assured of reimbursement there was a distinct tendency for them to support the rates fixed by the board. This tendency was naturally emphasized in the case of yards holding "cost plus" contracts. Inasmuch, however, as the machinery for reimbursement was a matter for future development the older and

more conservative yards frequently held to the general attitude toward wage payment by which they had been habitually moved. On the whole, ship construction in the well-established yards was less speculative even under war conditions than it was in the newer yards, and this meant that the newer yards were more likely to hold "cost plus" contracts.

Another feature which tended to differentiate builders was the varying degree to which attention was concentrated on war contracts to the exclusion of regard for the permanent conditions of the industry. Here again the older and more conservative builders were more likely to feel their responsibility for controlling costs than were the newer and more speculative employers.

The problem, however, was not a simple one of grouping builders into two classes. The net result of varying motives was to make the reactions of employers with respect to any problem at issue always a matter of great uncertainty. This whole phase of the situation may be summarized in the following statements:

(1) Acceptance by the Government of the obligation to reimburse for wage increases tended to undermine the responsibility of builders for holding down costs.

(2) Whatever of normal employer psychology was retained by the more conservative builders was continuously being torn down by the competition of the newer and more speculative yards.

(3) The reaction of the new conditions upon the builders created a situation in which practically no responsibility for initiating machinery of enforcement could be left with the employer.

All this is said, not with an idea of criticizing employers as a whole or any particular group of them, but merely to point out the situation which actually developed. The fault was attributable rather to the emergency character of the measures taken and to the fact that there was no time or opportunity to study out in advance the psychological effects of policies adopted. If the work of the board were to be undertaken again with the present experience as a guide, it would doubtless be possible to leave greater responsibility with employers and thus to secure from them larger cooperation than was actually obtained. It is likely that even in the existing case this result would have gradually been attained had the war continued.

#### CHIEF ADMINISTRATIVE PROBLEMS.

The following were among the chief problems which subjected the administration of the board's awards to strain: Retroactive pay, learners' and intermediate rates, classification of workers, competition for labor, uniform piece rates.

In connection with retroactive pay and with the handling of intermediate and learners' rates, the principal difficulty was that of insuring that the workers received what they were justly entitled to under the awards. Classification questions sometimes involved a depression of rates and sometimes an unauthorized increase. In connection with the other problems enumerated the task was chiefly to see that the awards were not exceeded. It was not at all uncommon to find the same yard persistently omitting to come up to the standards fixed by certain provisions of the awards and at the same time exceeding the standards fixed by other provisions.

**RETROACTIVE PAY.**

The most serious problem with which the examiners had to deal during the early months under the several awards was the question of retroactive pay. Neither the yards themselves nor the Fleet Corporation had worked out any system of accounts for dealing with such a problem, and yet the fact that the earliest awards were made in pursuance of promises to make them retroactive made it necessary, in justice to men who had remained at work, that the awards should be substantially uniform in this regard.

The problem of retroactive pay was enormously complicated by the excessive turnover in the industry during the fall of 1917 and the greater part of 1918. Retroactive pay was regarded as a right which accrued to any worker employed in a shipyard craft during the intervening period, and it was not legally affected by the fact that the worker might have ceased to be employed before payment was actually made.

Since the technical difficulties of making payment were not exactly the same in any two yards and since they were not of a nature to be anticipated by any agency of the Government, payments in varying amounts and under varying circumstances were taking place in different yards, and workers going from yard to yard were spreading all sorts of stories concerning the basis upon which such payments were made and the status of the workers who received payment. A large percentage of the strikes and threatened strikes in the shipyards during the first half of 1918 arose out of disputes over retroactive pay, and the awards of 1917 and of the early months of 1918 had actually expired before all the questions of retroactive pay under them were settled.

Unfortunately the efforts to incorporate the work of the Shipbuilding Labor Adjustment Board into a national labor policy resulted in delay of the awards of October, 1918, beyond the time for which they had been definitely promised, so that again the question of retroactive pay had to be dealt with. The problem, however, was considerably simplified under the October awards, since the experience under earlier awards improved the machinery and clarified the understanding of yards concerning the payments to be effected. There was never a time, however, when a considerable part of the work of examiners did not have to do with questions of retroactive pay and such questions continued to arise for months after the board dissolved.

**LEARNERS' AND INTERMEDIATE RATES.**

Naturally at the outbreak of the war most of the qualified journeymen in the various shipbuilding crafts were employed in the established shipyards. Unless this force of workers could be supplemented by men drawn from other pursuits it would be impossible to carry out the necessary shipbuilding program. The magnitude of this task was not anticipated nor would it have been possible for a new and immature agency like the Emergency Fleet Corporation immediately to have coped with it even if its nature and dimensions had been at once recognized. The result was that the new yards were compelled to work out plans for securing a partially adequate labor supply, while the old yards had to do their best to hold their men

and to supplement their forces in order to provide for enlarged operations.

In the absence of a national labor policy adequate to restrain them the more aggressive operators, through various devices, undertook to bid up rates in such a way as to attract workers from other yards. Other builders, who saw more clearly the fundamentals of the national situation, tried to develop plans for creating a new supply of shipyard labor. Although the unions had waived most of their apprenticeship regulations at the time they signed the agreement creating the Shipbuilding Labor Adjustment Board, the awards of 1917 and of the winter and spring of 1918 did not provide for the payment of any rates other than those for recognized journeymen in the various shipbuilding crafts.

Some of the most carefully planned of the newer yards, however, worked out elaborate systems for dividing up the operations of various crafts in such a way as to enable men drawn from other occupations and entirely inexperienced in shipyards to learn the various specialized tasks. In this way forces made up largely of new workers were developed to carry on the work of the yards in question. Naturally, had the board been able at once to provide a sufficient force to watch over the enforcement of its awards in all the yards, some adjustment of wages for learners in the various crafts would have had to be worked out. In the absence of such provision many of the yard managers remained for months entirely ignorant of the conditions of the award. The new workers, equally ignorant, did their work without reference to the award and for the time being were satisfied with the conditions under which they were working.

A notable example of a new yard manned by new workers was one at Quincy, Mass. In October, 1917, the site of this yard was a desolate marsh. At the time the April, 1918, award for the North Atlantic district was handed down the plant was just about to begin operations. The physical and technical plans for this plant were so perfect that within one year from the time of breaking ground it was one of the best appointed shipyards in the country.

The first manager of the plant gave the same attention to working out the plans for labor that he did to material equipment. Seeing the shortage of trained shipyard workers he recognized at once that the ordinary craft divisions would have to be modified in order to meet the new situation. Accordingly he sent out through the surrounding territory and, to use the phrase of the older organized workers, called in "barbers, ball players, and musicians" and undertook to teach them the mysteries of shipbuilding.

This entirely reasonable purpose ran counter to the award of the Shipbuilding Labor Adjustment Board at two essential points. In the first place there had been no provision for learners' rates for the men in question. In the second place the scheme involved an extensive division of crafts into specialties for which no "intermediate" rates between the rates for helpers and for journeymen had been authorized. Aside from the plan for learners' rates and for intermediate rates the whole idea of the plan was to provide for gradual promotion by easy stages, with corresponding gradations in rates.

If the plan could have been worked out with the workers isolated from other workers it would probably have succeeded. At any rate it appeared to be a natural way of going at a difficult problem. Indeed it did succeed in so far as it produced a supply of reasonably capable workers. One of the major premises of the plan, however, was that it would produce contented workers because, it was argued, the individuals in question would be adding the mastery of a valuable craft to their industrial equipment, and at the same time receiving higher wages than they had ever received before or had ever expected to receive.

The two facts of which this line of reasoning failed to take account were, first, the gradual spreading of information about the awards of the Shipbuilding Labor Adjustment Board, and second, the activities of organized labor. Instead of remaining contented non-union "barbers, ball players, and musicians," the men promptly organized and became union shipbuilders attached to the various shipbuilding crafts. The fact that they were not receiving the rates fixed by the board for the crafts in which they were employed was in the first place a strong argument for joining the union, and once in, it impelled them to fight for the union scale, irrespective of whether or not they were full-fledged journeymen in their respective crafts.

All these circumstances brought it to pass that during the summer of 1918 the beautiful picture of a happy family dominated by the one idea of becoming more efficient and helping Uncle Sam build ships had been considerably changed. There was an insistent clamor for the rates fixed by the board and the cries became more insistent as time went on. Finally a strike was called and the situation had to be patched up with the promise of later adjustment, on condition that the men continued at work.

The apparent reasonableness of the original plan viewed from a purely managerial standpoint, coupled with the fact that neither the board nor the Navy Department, for which the plant was building destroyers, had worked out in advance any plan for dealing with the situation, made the board reluctant to insist on a rigid and immediate observance of the award. It was still more reluctant to order back pay in the amount of the differences between what the men had actually received and what they would have received at the board's rates for the crafts in question. Obviously a barber who worked in a shipyard was not at once a journeyman boilermaker or machinist, and the fact that no rate was fixed for barbers when they went to work in shipyards did not make him one.

This particular problem was not settled until after the expiration of the April award. The October award provided learners' rates for certain crafts and stipulated certain periods of time at the end of which learners, if retained, should be advanced to the full journeyman's rates. Since the examiner had failed to work out an adjustment of the situation, the board finally ruled that for those crafts in which learners' rates were provided in the new award the same period of time before advancement to the full rate should be applied to the workers who had been employed as learners without authorization under the old award. For crafts in which no learners' rates were provided a maximum period of three months was fixed from the expiration of which time payment of the full rate was ordered.

While the settlement was a reasonable one under all the circumstances, it ran counter to the manager's ideas of developing shipbuilders at minimum cost. The case is set forth at length because it is typical of the early difficulties arising out of independent and frequently conflicting activities as between the board and the managements. The fact that both the board and the management from their respective angles were aiming toward maximum production of ships did not prevent the awards and managerial regulations in such cases from operating at cross purposes. If the situations arising out of the great need for shipbuilders had all been anticipated, provision for a more effective handling of them could doubtless have been worked out in advance.

In this particular case, if the board had had at its disposal in the examiner's office facilities for dealing with the situation promptly and comprehensively when it arose, a more reasonable accommodation of the manager's efforts to the board's awards would have resulted. Since the war itself was an emergency, it was hardly to be expected that all these circumstances would be foreseen. This case was one of the most aggravated of those arising out of the necessity of learners' rates, but it was thoroughly typical.

As already indicated, the award of October, 1918, made definite provision for learners' rates in crafts in which the supply of craftsmen was still inadequate. The October, 1918, awards were so soon followed by the armistice that the board's activity with respect to learners' rates under them was largely confined to preventing their extension after the need for them had passed.

#### CLASSIFICATION OF WORKERS.

As already implied, the awards of the board were based on a craft organization of shipbuilding operations. Previous to the war, however, there had been nothing approaching uniform classification. Current craft names that had a definite meaning in one locality had a very different meaning elsewhere. These differences were not alone territorial, but in many cases applied to neighboring yards in the same territory. Division and specialization of crafts of the sort undertaken at the plant in Quincy, Mass., added to the difficulty of drawing a line between crafts. The introduction of learners, moreover, tended to obscure the line between journeymen and helpers.

When the workers in a yard became organized the union rule that a journeyman was anyone who used the tools of the craft offered a simple if not always satisfactory solution of the problem of journeyman and helpers, but even so, it was not always easy to say what constituted using the tools. Old helpers were being introduced to the work of journeymen and new helpers were taking their places, at the same time that entirely new workers were being trained in the various crafts and parts of crafts. With the best of good will, confusion was inevitable.

The question whether a worker should be classified as journeyman, learner, or helper was frequently less difficult than that of placing him in the right craft. The different shipyards of the country had developed under differing circumstances. Different territories had specialized in different types of ships and developed each its own classifications. The boats built on the lakes were of one type, those built on the coast of another, and the industry in different territories had had

a different history. Then, again, there were the differences between the old and the new yards and between the ordinary and the fabricating yards. The newer and specialized yards naturally aimed at a classification to fit their peculiar circumstances, while the old yards were more or less governed by historical influences. Finally, the differences in equipment, as between yards, forced a different organization of work, and the dearth of materials was such that these differences could not readily be overcome.

In addition to the differences arising out of the history and organization of yards there were other differences arising out of the general labor situation in different territories. The most striking illustration of this is the classification "marine erector." This classification was used in the Delaware River territory as a partial disguise for certain differentials in shipyard rates as contrasted with those for similar crafts in the building trades. The building trades' plumbers and pipe fitters have a flat rate, whereas in shipyards the work has been habitually divided between first and second class journeymen. To avoid the conflict which would naturally arise out of such a difference in the same labor market the term "marine erector" was spread over a group of operations in which the ones in question were included.

There were also many differences in connection with such craft names as "riggers," "marine riggers," "ship riggers," and "yard riggers." Also differentials were customarily allowed in such crafts as blacksmiths, anglesmiths, and forgers for handling extra heavy materials.

Classification complaints were by no means confined to differences in neighboring yards, although these were the most serious. Organizations of workers brought it about that differences at distant points would frequently be made the subject of controversy. Considering the origin of the board it was natural that organized labor should concern itself with holding the board responsible for enforcing compliance with awards, and this meant in practice that effort would usually be made for the highest classification for each kind of work that was anywhere found. The cases in which the same work was differently classified and the much more numerous cases in which the facts concerning the nature of the work were in controversy constituted a very considerable part of the issues presented to the board for adjudication.

Classification controversies of the sort just described, along with cases of retroactive pay and learners' rates, illustrate the situation in which the tendency of employers to hold conditions down was most in evidence. In these cases in which it was claimed that yard owners fell below the provisions of the award, the board was occupied with its original and contemplated function of settling disputes. But though classification disputes between management and men were numerous they were not the only classification difficulties of which the board had to take cognizance.

#### COMPETITION FOR LABOR.

Very soon after the shipbuilding program was launched it became plain that falling below the award was not the chief source of danger. One shipyard might recruit its force by paying learners' rates to men not qualified as journeymen. Many others, however, tried to re-

cruit by finding means of paying more than the authorized wages to journeymen employed in other yards.

These efforts as applied to workers on an hourly rate did not usually manifest themselves in the form of an open violation of the award. More frequently, irregular efforts to secure workers were brought about by fictitious classifications. In this connection the differences in classification just described must be kept in mind; they made it comparatively easy in many cases to list a worker in a craft or classification which paid a higher rate than was justified by the work he was actually doing. Even with sincere effort to live up to the awards there would inevitably have been during the early months extensive differences in classification in different yards; but there was not such effort on the part of many yards. During the whole period of the war yard owners in one section were advertising in other sections in such a way as to create the impression that rates much higher than the board's rates were being paid. Foremen in one plant were creating similar impressions among workers of other plants in its neighborhood. Frequently such impressions were not borne out by the facts, but in many cases they were.

The lowest paid workers in the shipyards are the laborers, and laborers are a necessary part of the force. In one shipyard on the Pacific coast investigation of pay rolls in August, 1918, indicated that not a single laborer was employed. Of course laborers were employed but they were classified as helpers. Further investigation showed that helpers were being classified as second-class journeymen, second-class journeymen as first-class, and first-class journeymen were given titles indicating duties which as a matter of fact they were not performing. Juggling of classifications was doubtless accompanied in certain cases by manipulation of time records, especially in connection with overtime.

#### PIECEWORK RATES.

Probably the greatest deviations from awards were in connection with piecework. Some of these abuses have already been noted in the chapter on the "Delaware River Piecework Award." It should be emphasized here that most of the stories concerning fabulous earnings in shipyards, many of them doubtless true, were based on the abuses of piece-rate scales.

At the time the first measures toward a uniform scale were adopted there was a well-established practice in the shipbuilding industry of providing a special arrangement for pieceworkers when the work was of such a nature that the regular piece rates could not well be applied. Pieceworkers, accustomed to earn much more than hour workers, are always reluctant to do special work at a normal hour rate. To meet this difficulty it became customary to do work not covered by the piece-rate scale under "agreement" with the foreman covering the particular work. Work normally covered by the piece-rate scale, but which for some reason was obstructed or delayed was done on an "allowance" based on the worker's normal earnings at piecework, usually his average for the three days previous.

This system, rough though it was, worked well enough in normal times. The administrative difficulty which developed with the award arose from the fact that the yard owners no longer had a

motive for holding allowance and agreement payments down to a minimum.

When the Delaware River scale was adopted there was doubtless a sincere purpose on the part of the older established yards to adhere to it and thus bring wholesome standards into a chaotic situation. Flagrant differences, however, between yards in their ability to create uniform conditions placed a premium upon those who violated the spirit of the award. The opportunities for profits thus offered were eagerly seized upon by some of the newer yards working under "cost plus" contracts. A condition of competition soon developed which forced more conservative yards to follow in part the example of the speculative yards in order to keep their labor forces from disappearing. Hence the serious abuses already noted.

In dealing with the complex questions above described, it was inevitable that the board should change its early ideas concerning its own functions. With the changed concept came also a change in the agencies by which the work of the board had to be carried on. Many-sided activities could not be successfully undertaken without adequate machinery. The way in which this machinery developed is set forth in the following chapter.

## CHAPTER IX.—DEVELOPMENT OF ADMINISTRATIVE MACHINERY.

The memorandum of December 8, 1917, compared with that of August 20 of the same year, shows at once the influence of administrative considerations. The original provisions for a special representative of the Navy, for local representation of employers and workers, and for differentiation in the representation of steel-ship yards and wooden-ship yards were abandoned in favor of a single national board of three members.

The refusal of their president to sign the agreement for the carpenters was of course one of the reasons for changing the provision with respect to wooden-ship yards, but experience on the Pacific coast in the fall of 1917 had shown that a board of varying composition was bound to be so cumbersome that continuance of the plan would jeopardize effective operation. Attention was coming to be directed less exclusively toward the thing to be done and more toward how to do it.

It is true that the idea of the thing to be done had undergone considerable change, and this change itself involved important administrative considerations. While the revised memorandum still features the work of the board in settling disputes between management and men, the Government's acceptance of obligation to reimburse tended to put yard owners in the position of onlookers and to shift emphasis from disputes to uniformity. Local representation, besides being cumbersome and of doubtful value locally, tended to endanger uniformity and this was a strong argument for its abandonment.

The reasons which made it impractical for the board to confine its activity to settling disputes have been set forth in an earlier chapter. Chief among them was the premium which such a policy placed on the raising of disputes. As soon as the board undertook to extend the basic standards used in settling disputes to the whole territory in question, it became not only a judicial but a legislative body. This status was greatly emphasized when shortly, irrespective of disputes, it handed down awards for each of the shipbuilding districts. For the purpose of making awards to be imposed on all employers and workers alike in the several shipbuilding territories a central board which viewed its work from a national point of view was the only appropriate agency.

Handing down general awards at once made the board a legislative body, but it was still contemplated that it would become only to a limited extent an administrative body. While it was recognized from the start that there must be back of decisions authority for their enforcement, implying some limited administrative machinery, it was believed that this machinery could be kept comparatively simple. The technical and accounting tasks resulting from decisions were expected to be carried out by the Emergency Fleet Corporation and the Navy Department, thus removing the necessity for the creation of machinery for that purpose by the board. Assuming the natural reactions of employers before the award, it was to be expected that reimbursements for wage increases would remove any motive for depressing the wage scale and would thus insure effective cooperation

of employers in carrying out awards. Union officers also were pledged to use their best efforts toward holding workers to the provisions of the awards.

#### EARLY ADMINISTRATIVE METHODS—EXAMINERS.

The provision for examiners in the revised memorandum of December 8, 1917, implied clearly that the examiner was intended to function primarily in connection with disputes between the management and the men. The questions of labor supply and the prevention of unfair competition for men were supposed to be dealt with by the Emergency Fleet Corporation and the Navy.

Following the idea that the work of the board was to be only to a limited extent administrative, its first examiners were volunteer workers on a part-time basis. The theory developed during the spring of 1918 was that examiners would report their findings to the board and that if confirmed these findings would be turned over to the Emergency Fleet Corporation or the Navy for execution. In case decisions called for some action on the part of the workers, the international officers of the shipbuilding crafts were expected to see that they were carried out. The yard owners, the international officers, and the two Government agencies concerned were, under this theory, to be the administrators of the board's findings.

Actual practice deviated widely from this plan. By the spring of 1918 examiners had been appointed in each of the 11 shipbuilding districts. The work had so accumulated that it was necessary to provide most of the examiners with paid assistants.

Early in June, 1918, Willard E. Hotchkiss, of the University of Minnesota, was appointed supervising examiner, and it became his task to spend a considerable portion of his time in the field conferring with examiners, keeping the board advised of the situation in different territories, and coordinating the work of examiners with that of the board in Washington. Great difficulty had been experienced in securing volunteer examiners who could undertake the delicate judicial tasks that the service required. All of them were anxious to avoid as far as possible administrative duties and none of them wished to build up an extensive organization. They therefore omitted to utilize fully the authority they had to employ help. The result was a great congestion of complaints in examiners' offices and in many cases a lack of sufficient knowledge about the complaints to deal with them effectively. Many violations of the award failed to receive the timely attention they deserved. In only one or two of the examiners' offices was the force in any way adequate to keep abreast of the business in hand.

During the summer of 1918 it was possible, through the reports of the supervising examiner and with the cooperation of the examiners, to place assistants in several of the district offices and to adopt plans for securing the prompt dispatch of business, but otherwise the administrative functions of the board were not at that time emphasized.

#### COOPERATION WITH EMERGENCY FLEET CORPORATION.

However, for several months preceding the armistice the tendency to boost earnings so greatly outweighed the tendency to keep them down that the obligation to protect the interests of the country became a controlling consideration. To meet this obligation steps were taken

to bring about more effective administrative cooperation with the Emergency Fleet Corporation and the Navy, to the end of reducing abuses under the awards to a minimum.

In the spring of 1918 various industrial relations services that had grown up in the Emergency Fleet Corporation were brought into one department under direction of Leon C. Marshall, of the University of Chicago, who had previously taken a prominent part in drafting a national labor policy and urging its adoption. It was expected that this move would make it possible for the Fleet Corporation more effectively to enforce the awards and thus relieve the board of many of its administrative burdens.

During the early summer, plans were advanced for building up district organizations in the industrial relations division. Since the demands of various war services had pretty thoroughly depleted the supply of persons qualified for district work of this sort, the building of an organization was not an easy task. Discussion of the subject, moreover, made it clear that while the work of the industrial relations division covered many things with which the board was not concerned, there was so much overlapping that two district organizations might become a source of confusion and annoyance.

Mr. Marshall's appointment as director of industrial relations of the Fleet Corporation, although it did not at once change the official relations between that division and the board, did have the effect of making the personal connection between the two bodies much closer. The confidence in which he was held by the representatives of the workers also enhanced the general attitude of cooperation. When in the late summer the question arose of securing a successor to Mr. Coolidge, the Fleet Corporation and Navy representative on the board, it became obvious that Mr. Marshall's appointment to the vacancy would have the effect, both personally and in respect to the subject matter involved, of bringing the different elements in the situation into their proper relationship. His appointment to the board was therefore made and this appointment introduces the final phase in the board's development on the administrative side.

#### COORDINATED ADMINISTRATIVE ORGANIZATION.

Mr. Marshall's dual position of member of the board and head of the industrial relations work of the Fleet Corporation greatly facilitated the task of coordinating administrative field work. The organization through which this end was achieved was as follows:

1. Substitution of paid full-time, for volunteer part-time, examiners of the Shipbuilding Labor Adjustment Board.
2. Provision that examiners should be at the same time district representatives of industrial relations.
3. Appointment of a field manager of industrial relations in the Emergency Fleet Corporation.
4. Joint participation of the board, its secretary, its supervising examiner, and the field manager of industrial relations in the appointment of examiner-district representatives.
5. Duplicate reports of essential activities to the field manager and supervising examiner.
6. Joint action in all matters of common interest.

It does not fall within the scope of this report to enlarge on the functions of district representatives. It should be pointed out,

however, that since they represented all branches of industrial relations activities many of these duties fell within fields with which the board had no direct concern. In this work they were aided by assistants, who had no connection with the board, and the representatives themselves, in their capacity as district representatives, were, in the first instance, responsible to the district manager of the Fleet Corporation, though reporting directly to the field manager of industrial relations.

As examiners the men in charge of the several districts were responsible to the board and as such they did their work under the general oversight of the supervising examiner. The work they did as examiners might be administrative or it might be judicial. They interpreted the awards of the board subject to appeal, they heard complaints, settled disputes, and in general saw to it that the awards were enforced. Since they represented both the board and the Fleet Corporation they were in no danger of trespassing on someone else's jurisdiction and they were usually sure in one capacity or the other of having authority to do the thing that needed doing. On the other hand, representing the entirely independent judicial authority of the board, they occupied an advantageous position with reference to the district manager and other local officers of the corporation.

The district organization just described is not one which can be simply charted; it was based more largely upon the assumption of personal cooperation at certain strategic points than upon any fundamental principles of organization. Mr. Marshall's dual position practically assured such cooperation at most of these points, and the personal relations of members of the board to the director general of the Fleet Corporation were adequate to correct any lack of cooperation that developed.

The time that elapsed between adoption of the new plan and the signing of the armistice was too short to give it a fair test. As was natural, experience had already brought about considerable improvement in local administration under the volunteer examiners, especially in the case of those who had made provision for reasonably adequate assistance. It should also be noted that the new plan did not bring a complete change in personnel, since several examiners and active assistant examiners became examiner-district representatives under the new plan. The new appointees naturally were unfamiliar with the work and one or two of them retired without ever having become effective.

All in all the plan of merging the district work of the board and the industrial relations division was a distinct step forward. It seems likely that its success would have been still more apparent had the war continued.

As it was, neither the work of the board nor of its examiners terminated with the armistice. The October awards were scheduled to expire on April 1, 1919. Immediately after the armistice all the parties to the original agreement requested the board to continue to function until the award expired. The problems that arose after the armistice involved to some extent a liquidation of the abuses which the pressure of the war emergency had permitted to develop, especially in connection with piecework. In this task the fact that local officers could act both as representatives of the board and of the Fleet Corporation was a great advantage. All things consid-

ered, the field organization developed a high degree of efficiency during the time of its operation.

During the time when the joint district organization was under consideration, considerable discussion was devoted to the question of having a representative of the district office in every shipyard of importance. This action was definitely contemplated by some of the men who were most active in developing the general plan. On the other hand, some of the men who were thinking primarily of the work of the board and of disputes arising under the awards were inclined to believe that the easy access that would be secured by having a representative in every yard might tend to encourage nonessential complaints. Also the limited supply of qualified men available for this sort of service was an important consideration.

In actual practice the Delaware River district was the only one in which there was any close approach to a representative for each yard. The other districts were divided into manageable territories with a person in each territory acting as assistant to the examiner-district representative. Had the armistice been longer delayed the numerous services of the Fleet Corporation might well have required a considerable extension of the local force.

The armistice did not at once diminish materially the work of the board; it thus happened that a limited force of assistants to the examiner-district representative instead of a large force of yard representatives were employed. These assistants, moreover, were very largely occupied with work in connection with complaints in which they appeared as representatives of the board rather than of the Fleet Corporation.

The work of examiners and their assistants varied materially from yard to yard and from district to district. There was a great difference in plant equipment and in the efficiency of management among the plants. In many respects the older and well-established yards had a great advantage over the new yards, an advantage which no amount of war-time support from the Government could entirely overcome. Naturally, also, the extent to which many of the new yards were merely emergency creations depending on Government support placed them outside the category of established business institutions, and in many cases they were lacking in that dependable sense of responsibility that a business institution of long operation acquires. Aside from these differences, the organization for dealing with employees was in many yards almost entirely lacking, whereas other yards had ample machinery for settling all complaints that involved matters of merely internal concern. Naturally, these and other variations in history and organization were reflected in the atmosphere in which human relationships were handled. While the purpose of the work performed by the board's representatives was determined by the awards, the actual carrying out of that work obviously had to take account of the whole setting of the industrial relations problem in the particular plant.

#### FUNCTIONING OF SHOP COMMITTEES.

Another important difference between the yards, and especially between the different shipyard districts, was the variation in the functioning of shop committees. At the time of the first awards

there was serious objection on the part of many yard owners to the introduction of shop committees, the thought being that such a system was the first step in the direction of unionization. Partly because of these objections, provision for committees was omitted from some of the early awards. At the time of the October, 1918, awards, therefore, shop committees were functioning with varying degrees of success in some of the districts, whereas in other districts there were no committees at all. Under the peculiar circumstances created by the war, the provisions against discrimination between union and nonunion men contained in all war-time adjustments resulted in a practically complete organization of shipyard workers. In the absence of shop committees, complaints came to be handled through local officers of the union, and a situation developed in yards where there had been no committees in which employers were anxious for committees and union representatives were reluctant to have them introduced.

As above noted, the October, 1918, award for the Atlantic, Gulf, and Great Lakes territories contained a blanket provision for shop committees in all yards. The award provided for the election by secret ballot of committees made up of three members for each of the different shipyard crafts, with a further provision that the chairmen of the craft committees should constitute a joint shop committee. The October award was effective in introducing the shop committee system into practically the whole shipyard industry, and the process, considering the newness of the idea in the industry, engendered comparatively little friction.

In the absence of complaint, elections were regularly held in the yard without the participation of anyone except the men themselves. In case of complaint, however, examiners were authorized to supervise elections and to provide for holding them in some neutral place. In a few cases the examiners or their representatives were compelled to take cognizance of the rules under which shop committees were operating, and on rare occasions they were forced to abrogate the election. A ruling of the board handed down on January 2, 1919, illustrates the principles under which the safeguarding of elections was secured. The ruling reads as follows:

No foreman, contractor, or other person having the right to hire and dismiss men, and no one who has a direct pecuniary interest in the work of other men in the craft shall be permitted to vote or to take any part in the election of a committee.

When it is shown to the satisfaction of the examiner that any ineligible person or persons have participated in an election or that persons eligible have not had an opportunity to participate in an election, he may declare the election void.

Both the action of the examiner in calling new elections and the ruling of the board were formally protested by the yard owner in this case, but the general principles set forth were almost uniformly recognized.

#### RELATION OF UNIONS TO SHOP COMMITTEES.

Among others there were three outstanding conditions under the October awards that determined the practical functioning of shop committees. Perhaps the most important of these was the position which the union had secured in connection with previous adjustments in the particular yard or territory. A closely related condition was the location of the yard with respect to the centers of union

organization. A third factor was the varying attention given to the development of shop committees by the different examiners and their assistants.

In the Delaware River district, in which the unions were unusually strong, the habit of making adjustments primarily through the business agents of the unions had become well established under the earlier award, which contained no provision for shop committees. The tradition thus established placed committees under a handicap. In contrast, a yard like one at Bath, Me., in which the workers, although organized, were drawn from local sources and retained strong local interests, offered a favorable situation for their more effective functioning. Accordingly, in the Bath yard and in many yards similarly situated, adjustments of detail under the different awards were mutually worked out between the management and the shop committees, business agents and representatives of the board coming in only when questions of more general significance were at issue.

An important consideration affecting the operation of shop committees is the balance in a particular shop of union and nonunion men, or of men belonging to different or conflicting unions. In a Fore River (Mass.) plant the workers ordinarily classified as machinists were fairly evenly divided between the International Union of Machinists and a rival organization known as the Amalgamated Engineers. Elections were usually controlled by the members of the International Union and the members of the Amalgamated were more or less constantly urging recognition as a separate craft on the ground that domination of the committee by the International Union, excluded the members of the Amalgamated from representation and was consequently unfair. There were a few occasions when the antagonism between these two groups threatened considerable difficulty in the yard, but the situation never assumed large proportions and was in no sense typical of conditions in shipyards generally. Being a matter of purely local concern no general ruling with respect to conflicting unions was ever made.

A question of more general significance was that of the relation under the shop committee system of union and nonunion men. The processes of organization in most of the yards went on during the early part of the war without reference to the provision for shop committees. Unionization in the great majority of the yards progressed so rapidly that at an early date committees came to be made up almost exclusively of union men. In the case of one of the yards in the Columbia River district, however, the committees were made up of nonunion men during the early period, and of union men later.

A significant result of this change arose out of a case in which an agreement was reached to leave the question of wearing a union button in the yard to the decision of the shop committee. Two men were discharged from the yard for violating a rule against wearing the union button, and the shop committee, which had become a union committee, decided under the agreement in favor of their reinstatement. The decision of the examiner and later of the board confirming the action of the shop committee was vigorously protested by the yard. The significance of the case, however, for the purposes of this review is by way of illustration of the kind of problems that are likely to arise when union and nonunion men are working side by side.

As far as it goes, the comparatively meager experience along this particular line would seem to indicate a tendency for committees to be either union or nonunion. The view of union representatives was almost universally to the effect that mixed committees were impractical. It is doubtful whether this view would be borne out in open shop plants operating in general industry under normal conditions, especially in plants where the traditions surrounding employee representation had been developed before the union had come to exercise a large influence. The war-time experience in shipyards with respect to the relation of union and nonunion men under the committee system is worthy of consideration as illustrating one sort of situation likely to arise under employee representation. The conditions, however, are probably not typical, either with respect to the relations of union and nonunion men or with respect to the relations between members of rival unions.

#### PROMOTION OF SHOP COMMITTEE IDEA.

The most active promotion of the shop committee idea by an examiner occurred in the Great Lakes district. Mr. William Pitt, who succeeded Mr. Fisher as examiner just prior to the October, 1918, award, made a special effort to enlarge the scope of committees, and secured from the board an interpretation of the shop committee feature of the October award especially designed to increase the prestige and influence of these committees. He also went to particular pains to secure the cooperation of both the yard owners and the local representatives of unions in his effort to place greater responsibility upon shop committees than they had previously borne.

The most tangible direction taken by the examiner's efforts was his insistence upon a determination of questions that came before the craft committee before passing them on to the shop committee, and a similar insistence that cases coming before the shop committee should be definitely disposed of and come to the attention of the examiner only in case of disagreement or appeal. Obviously an undertaking of this sort demanded a large amount of educational effort. Not only was it essential to secure the cooperation of the yard owners and the business agents of the unions, but likewise to bring the members of shop committees and the workers, whom they represented, to a realization of the advantages to be derived from a constructive effort to settle disputes through representatives whom they themselves had selected.

The change in the general shipbuilding situation brought about by the armistice and by the prospective dissolution of the Shipbuilding Labor Adjustment Board could not fail to modify somewhat the natural working out of the committee idea. However, enough experience was gained to indicate significant opportunities along the line of enlarging the functions of shop committees, and at the same time to show that such enlargement in no way tended to undermine any constructive efforts of local business agents.

In discussing the operation of shop committees under the awards of the Shipbuilding Labor Adjustment Board, it must be borne in mind that the scope of their powers was comparatively limited. The detailed specifications contained in the awards with respect to wages and working conditions eliminated from committee consideration

a large part of the cases in which the opportunity for developing constructive statesmanship on their part might have been greatest. Under these circumstances it became exceedingly difficult to enlarge their activities beyond those of mere grievance committees.

However, the far-reaching character of some of the difficulties that arose with respect to classification, and the complicated considerations frequently involved in questions of retroactive pay and numerous other questions that arose as a result of the rapid expansion of the industry, left a very much larger field of operation for the shop committees than would be true of committees in general industry in times of peace, if wages, hours, and working conditions were excluded from their consideration. The rapid expansion of the industry also resulted in many inefficiencies in yard operation which naturally gave scope for valuable service in pointing out possible economies. Considering the situation from these different viewpoints, it is perhaps not unfair to say that in spite of their apparently limited scope the abnormal and complicated situation of the whole shipbuilding industry gave these committees nearly as great opportunity for constructive work as would be likely to obtain in general industry under normal conditions.

#### EFFECT OF SHOP COMMITTEES.

Whatever the comparative scope of shop committees in shipyards and other industries, the committees represented clearly a distinct advance in organizing the relations between the shipyard employers and employees. They brought into the industry a form of plant organization in which all employees were eligible to participate and to deal directly with management, without relying exclusively upon outside agents. From this standpoint, after making full allowance for the perversities of individual committees and committeemen on the one hand, and of certain persons in managerial positions on the other, there can be no doubt that, taken as a whole, shop committees did promote more wholesome and cordial relations between the employers and employees.

While clearly the result of their activities was in the direction of bringing about a more complete conformity with the board's awards, it was generally possible for committees and management to get beyond a mere technical compliance with specific provisions and work out constructive measures for overcoming difficulties that were a source of friction and inefficiency.

Mention has already been made of efforts to secure the cooperation of local union representatives in connection with the activities of shop committees. The success of such efforts naturally varied according to the circumstances in the particular territory and the particular yard. Results were also largely affected by the personality of the business agent on the one hand and of the representatives of management in the particular yard on the other. The nature of these difficulties can perhaps best be understood by reference to extreme cases on both sides. In two or three instances business agents insisted that the purposes of the award could be carried out only by electing shop committees at union headquarters and making them definitely the agents of the local union representative. In at least one of these cases the management of the yard in

question went to the other extreme and insisted that the shop committees must be elected under the supervision of the employers, with the idea of securing as committeemen persons who were satisfactory to the management. Both these contentions were naturally repudiated by the examiner, since they were in direct violation of the terms of the award and either of them would defeat the purpose for which the shop-committee feature was introduced into the awards.

The election of committeemen was only one of the circumstances affecting their relations to management on the one side and to representatives of the union on the other. Whenever a large majority of the workers in any yard or craft were members of the union, it was of course to be expected that the union could influence the election of committeemen, whatever the detailed provisions for holding the election, and it could usually control committees in such yards with respect to issues over which serious conflict arose. That power of ultimate control, however, was not the same thing as habitual domination by the union, and in many cases the shop committees showed an independence of judgment that exerted a very important moderating and educative influence upon local union representatives. In most cases the representatives themselves gladly recognized this factor as a wholesome and constructive influence in the whole situation, and put themselves in cooperation with it, without in any sense sacrificing their own functions as official union representatives. Where this occurred substantial progress was made, not only in working out the specific problem with which the committees and union representatives were dealing but also in building up a good will for both the committees and those union representatives that gave evidence of a power and disposition for constructive cooperation. The number of union representatives in the more important shipbuilding territories who did not ultimately come into relations of substantial cooperation was comparatively small.

Just as there were some union representatives who showed a desire either to dominate or to eliminate the shop committees, so there were some managers who, since they could not eliminate them officially, showed a disposition to prevent them from functioning. The most extreme case of this sort was that of one yard whose management throughout practically the whole period of the board's activity succeeded in finding plausible pretexts for dismissing employees who were active as committeemen. There were other yards who employed essentially the same tactics with less success. The provision against discrimination because of committee activities was very specific and definite in the awards of October, 1918. Nevertheless with the numerous causes for dismissal, especially in yards in which the relationship between the management and men was habitually strained, the power of persecution was never entirely removed.

The above discussion of shop committees refers chiefly to yards other than those in the South and on the Pacific coast. The labor situation and other conditions under which shipbuilding was carried on in the South were so different from those in the other parts of the country that experience there was less typical than would otherwise be the case. In the Columbia River district the functioning of shop committees was not dissimilar to that in eastern yards in which unionism was a comparatively new phenomenon. In the yards around

Puget Sound and San Francisco Bay, on the other hand, employers and employees were already so accustomed to working under voluntary trade agreements in which the business agents of the unions played a large rôle that there was little disposition on either side to experiment with shop committees.

Considered in relation to the shipyards of the Atlantic coast and the Great Lakes, the shop committees probably represent one of the most constructive results of the board's activities. Just what the permanent effect of the war and immediate postwar experience will have upon the organization of industrial relations in shipyards is something that only time can tell. The fact that the shop committee principle was introduced into all of the voluntary agreements entered into in 1919 would seem to indicate that shop representation has become an essential part of industrial relations administration in the industry.

#### SETTLEMENT OF QUESTIONS AFFECTING NAVY.

Reference has already been made to the original plan of having a special representative of the Navy on the board and to the subsequent change to a single representative appointed jointly by the Navy and the Emergency Fleet Corporation. Even after this change a special Navy representative sat in some of the later conferences and the proposal was made but never put in force, that upon some of the questions of policy before the board there should be both a Navy and a Fleet Corporation member, each with one-half a vote.

As concerned nearly all the practical details of operation from day to day matters were handled by the regular machinery above described. There were, however, certain questions affecting the Navy which the machinery of the board and the later joint machinery of the board and the Emergency Fleet Corporation could not settle without cooperation from the representative of the Navy. These matters in the main had to do with reimbursing yards for retroactive pay and with work under certain Navy contracts that were excluded from the jurisdiction of the board.

The Emergency Fleet Corporation was created for a special purpose and was intentionally relieved from many of the restrictions to which the regular departments of the Government were subject. The Navy Department, not enjoying these exemptions, proceeded under the ordinary bureaucratic routine. On the other hand, except for the exempted contracts just mentioned, the Navy was committed to the adjustments arrived at by the board.

These adjustments included, among other things, the payment of retroactive pay. In one of the early cases representatives of the Navy indicated that the Navy would not be legally empowered to make the retroactive payments to which it was committed under the agreement, and rested this view on an opinion of the Comptroller of the Treasury to the effect that the work in question had already been paid for and therefore it could not legally be paid for again. Retroactive pay would constitute a second payment for the same work. In this case the yard owner advanced the payment, taking his chance of future reimbursement.

The uncertainty surrounding the power of the Navy was always a source of much difficulty in making adjustments in yards doing Navy work. The numerous repair yards in the vicinity of New York and

elsewhere were practically always in difficulty because yard owners would not make the adjustments decided on without assurance of reimbursement and the Navy was usually slow to give such assurance.

A peculiar difficulty in this connection was the reluctance of local Navy representatives to give the necessary specific authorization for certain payments even when the Navy authorities in Washington had approved the same payments. The result was that many claims were always pending and never settled, making friction and unrest a more or less constant factor. Adjustments on Navy work soon came invariably to be made subject to the technicalities and delays in securing payment. Such adjustment the workers were inclined to regard as no adjustment at all.

Moreover, the difficulties just described were not confined to Navy work. Not infrequently Navy work and work for the Fleet Corporation were going on side by side in the same yard. In these cases when a particular payment to workers was authorized reimbursement would come in part from the Fleet Corporation and in part from the Navy. Difficulties in the way of allocating the work of particular employees meant that all payments would be withheld pending assurance of reimbursement from both the Government agencies concerned.

At the time when the board was organized the Navy had let certain lump-sum contracts whose terms did not permit of their being brought under the awards. The question just which contracts came under this head always appeared to be more or less uncertain, so much so that it was nearly always necessary to consult the representatives of the Navy when the question was raised. This was easy enough in Washington, but was frequently embarrassing for local representatives. On several occasions it happened that important negotiations were under way concerning work that superficially appeared to be under the board's jurisdiction, when, under advice from the Navy, jurisdiction was withdrawn. However inevitable uncertainties of this sort may have been, they were bound to be a source of unrest in the yards.

#### SHIPPING BOARD, DIVISION OF OPERATIONS.

The war emergency building program of the Shipping Board was turned over to the Emergency Fleet Corporation. The division of operations of the Shipping Board, however, had to provide directly for repair and remodelling work. Practically the same difficulties with respect to jurisdiction and reimbursement as have been described in connection with Navy work applied with equal force to work for the Shipping Board. The Shipbuilding Labor Adjustment Board always claimed jurisdiction over the work and made adjustments accordingly, but the officers of the Shipping Board, especially the legal officers, were inclined to question the claim.

Practically the last official act of the Shipbuilding Labor Adjustment Board was to insist on settlement of a claim adjusted many months before, payment of which the legal division of the Shipping Board had persistently withheld. The amount of work done directly for the Shipping Board was not such as to make the jurisdictional question one of major importance. In individual cases, however, the embarrassment was a real one.

## RELATION OF CENTRAL OFFICE TO EXAMINERS.

The original theory of a board to settle disputes did not call for a large force at the central office in Washington, but even with the change in the scope of work undertaken the plan of keeping the central force small was rigidly adhered to. The regular clerical force never exceeded a chief clerk, a file clerk, and three stenographers. As noted above, a supervising examiner was added to the overhead force in June, 1918, and somewhat later an assistant secretary and a statistical assistant were added. On the resignation of Mr. Seager as secretary, which took effect on December 15, 1918, the offices of secretary and supervising examiner were merged. Later there was a similar merger of the offices of assistant secretary and statistical assistant.

The relation of the central office to examiners was partly determined by geography, partly by the personal factor, and partly by the problems that arose. During the summer of 1918 the supervising examiner was in frequent touch with the examiners and to a considerable extent with yard owners and labor representatives from Newport News north and in the Great Lakes territory.

The southern territory had its own problems, many of them extremely difficult, arising out of the nature of the labor force, the emergency character of the yards, and the general industrial situation in that section. Building in the South was not, however, relatively of as great importance to the general program as it was in most of the other regions. Since the southern territory was so largely *sui generis* the policy of decentralization was carried further there than it was elsewhere. Paid full-time examiners were appointed in the spring of 1918 with headquarters at Jacksonville and New Orleans, and they exercised much freedom in working out the peculiar problems of their territories.

Pacific coast examiners of necessity had to depend largely on their own resources, supplemented by free use of the telegraph. At the time of the reorganization under the examiner-district representative plan all of the examiners from the coast spent a considerable time in Washington and thus became familiar with the work of the board from the Washington angle. The difficulty of administering the award on the Pacific coast did not arise out of any detachment of the board's local representatives but rather out of the detachment of the wage earners and their representatives from the international organizations which were responsible parties to the creation of the board and one of the agencies for carrying out its awards. The effect of this detachment culminated in the Seattle strike of January-February, 1919, referred to in Chapter X.

The day-to-day work of the board and its secretary was concerned largely with hearings and conferences on questions arising under the awards and with the formulation and communication of decisions and interpretations. These hearings and decisions were in some instances on appeal from decisions of examiners but more frequently they were on questions raised in advance concerning matters that the examiner was called upon to decide. In all cases procedure was entirely informal, with every effort made to avoid an atmosphere of contention. Naturally this effort did not always succeed.

As a general principle official communication with yard owners and with labor representatives was conducted through examiners, but relations established in many cases before examiners were appointed made it impossible and undesirable to adhere strictly to this rule. On one or two occasions complaint was made that the effectiveness of the examiner's work was being impaired by direct communication of advice to yards or to workers. There were on the whole very few cases in which any difficulty was found in avoiding a too rigid adherence to official routine on the one hand and, on the other, protecting the position and influence of the examiner. A tendency of labor representatives to insist on dealing with headquarters was perhaps the greatest influence that led the central office at times into matters that might have been locally disposed of.

The relations between the several parties to labor adjustments under the board's awards are illustrated by a case that arose in one of the districts during a prolonged illness of the examiner. Appeal was made to the assistant examiner for the reinstatement of some 20 "leading men" ("workers with minor supervisory duties") who, as their representatives claimed, had been discharged on account of membership in the union. The assistant examiner on inquiry found that both union and nonunion men had been discharged, and wrote the representatives of the men a letter in which he expressed the opinion that there appeared to have been no discrimination against union men and hence no violation of the award.

Following a protest of the men and their representatives the supervising examiner called a hearing in the local office of the examiner and directed both parties to send representatives prepared to give full information. Representatives of the yard failing to appear, seven of the men concerning whom their representatives were able to furnish concrete information appeared and gave evidence to the effect that they had severally been called before an employer's representative and advised to take out withdrawal cards from the union, which they declined to do. They further set forth that these interviews in each case were shortly followed by notice of dismissal.

A transcript record of the hearing was sent to the yard owners, together with a letter in which the supervising examiner in the name of the board expressed regret that the yard had not been represented, and asked that the owner's reply to the allegations made by the men be forwarded to the board during the following week. No reply to this communication having been received within the next two weeks, the board issued an order directing that the men be reinstated. The yard declined to carry out the decision, whereupon the examiner, as district representative of industrial relations, took the matter to his superior officer in the Emergency Fleet Corporation.

When the matter was brought to the attention of the manager of the yard by the district manager of the Fleet Corporation, he declined to reinstate on the ground that the supervising examiner had acted illegally in holding a hearing upon a matter already settled by the assistant examiner, and that therefore all subsequent proceedings were illegal. After several other dilatory pleas peremptory orders for reinstatement were given by the director general of the Emergency Fleet Corporation. As the decision for reinstatement provided for pay on account of time lost by dismissal, it was

necessary for the examiner to secure affidavits concerning all such time. Though the yard succeeded in delaying execution of the decision for months, such of the men as continued to press their claims were ultimately reinstated.

In this case there was substantial cooperation between the examiner, the board, and the Fleet Corporation. The plea of conflict between the examiner's office and the office of the board was raised on purely technical grounds. The case is typical of the cooperative relation between the several public agencies. The attitude of the yard was in no sense typical. It was one of a very few cases in which the yards demurred at decisions reached, and of such cases it was the most extreme.

Reinstatement cases were always regarded by the board as requiring the utmost care in handling. The very few cases in which reinstatement was ordered were cases in which either the evidence of discrimination was clear or in which a particular worker had suffered injustice. The board was always aware that interference with ordinary and necessary discipline would tend to undermine the work that all concerned were trying to accomplish. The chief difficulty was the tendency of yard owners to put too much responsibility for discipline on the board rather than too little.

The emergency nature of the circumstances under which the machinery of the board was operating largely precludes any considerable application of its experience to normal industrial relations in time of peace. The peculiar relation of the Government to the whole enterprise, moreover, entirely overshadowed the ordinary reaction that would come out of a similar enterprise under private initiative. Especially was this true under a plan in which the yard owners' interest in costs was largely undermined. In spite of abnormalities, the experience of the board shows that it is possible to specialize the handling of industrial relations in a nation-wide industry and provide for the judicial handling of major and minor disputes according to accepted principles of justice and administration, and that without an excessive amount of governmental machinery.

## CHAPTER X.—OPERATIONS AFTER THE ARMISTICE.

At the time of the armistice the Emergency Fleet Corporation had contracts out which it was estimated would occupy the more important shipyards for something like a year. The question at once arose whether the Shipbuilding Labor Adjustment Board should continue to function with respect to work on these contracts. The awards of October, 1918, as has been explained, were to continue in force for at least six months; that is, until April 1, 1919. They were in no way conditioned upon the duration of the war.

Immediately after the armistice the representatives of the Emergency Fleet Corporation and the Navy Department met with the international presidents of the shipbuilding crafts which were parties to the agreement of August 20, 1917, and it was unanimously decided to request the Shipbuilding Labor Adjustment Board to continue to function during the life of the October awards.

The principal change in the shipbuilding situation brought about by the armistice was of course the disappearance of the war emergency. Associated with this was an anticipated change from the acute labor shortage that had prevailed to a condition of surplus labor. These changes served to develop a more conciliatory attitude, particularly on the labor side, and by decreasing the number of new issues brought forward, gave the board much needed time to try to eradicate some of the abuses which had sprung up under its awards. Except for this relaxation of pressure, the day-to-day operations of the board and its local agencies were not at once materially affected by the armistice.

### ADJUSTMENT OF PIECE RATES.

As explained in the last chapter, the October awards had to do with the basic conditions of wage adjustment as affected by changes in the cost of living and in the general war situation prior to October, 1918. The actual wage schedules were confined to the hour rates, a later adjustment of piece rates being promised.

In the case of the Pacific coast yards, where the board had not yet attempted to standardize piece rates, it was understood that a conference on piece rates between the yard owners and union representatives would soon be held. It was thought that the San Francisco and Seattle examiners could represent the board at these piece-work conferences and therefore that it would not be necessary for a member of the board to attend in person. Owing to the greater urgency of other issues in San Francisco and to the disturbances which led to the Seattle strike in January, 1919, the proposed piece rate conference was delayed for several months. In the meantime there continued to be great unrest among the Pacific coast workers.

The situation on the Pacific coast was so detrimental to ship production that the board and the Emergency Fleet Corporation finally decided to send there a joint representative. Accordingly Mr. Marshall proceeded to the Coast early in February.

On the basis of the information he secured the board finally decided not to issue a decision in reference to piece rates on the Pacific coast but to leave them, as theretofore, to voluntary agreement. After further delay voluntary agreements between the yard owners, the union representatives, and the Emergency Fleet Corporation were finally arrived at. This outcome was felt to be all the more advantageous because it did not depend for its continuance on the authority of the board, which was so soon by mutual agreement to be dissolved.

During November, 1918, the board held several conferences in Washington with respect to piece rates in the Atlantic coast, Gulf, and Great Lakes yards. The recommendations made by representatives of the workers were so conflicting that they served to emphasize the difficulties opposing standardization in this field, rather than to assist in its accomplishment. The board even felt that "it would lay itself open to the criticism of treating the different crafts and the different districts quite unequally if it were to comply with them." All the evidence before the board went to show that the piece rates established by previous awards were as well balanced as it would be possible to make them in the absence of prolonged study of all the details of operation in the various yards. The only reason for a change, therefore, was to adjust the piece rates to the increase in the hourly rates granted in the October award and based on the increased cost of living.

It will be recalled that the increase in the hourly rates granted to the higher paid employees, among whom the pieceworkers belonged, was 10 per cent. The board, therefore, left the existing piece rates in operation and directed that the earnings under them for each pay period should be increased 10 per cent. This decision applied to riveting, chipping and calking, drilling and reaming, and counter-sinking and, in the case of the Great Lakes yards, to fitting, those being the crafts for which uniform piece rates were in operation.

#### LIMITATION OF ALLOWANCE SYSTEM.

During the summer of 1918 it became clear that the so-called allowance system in shipyards was being more and more abused. Previous to the piece-rate decision agents of the Emergency Fleet Corporation had collected evidence which indicated that payment on allowance covered a substantial part of the work of the piecework crafts. In some cases the figures showed that under the provision for an allowance based on the three days' previous average, fast gangs had been permitted to establish averages on relatively easy work and that these averages had become the basis of payment not only for the particular gangs but for the whole yard. Furthermore, once these averages were established, they were continued for months quite regardless of the productive efficiency of the gangs.

Yards working under "cost plus" contracts could of course greatly increase their own profits and swell the earnings of workers out of all reason if permitted to continue this sort of practice. Fortunately, the Emergency Fleet Corporation had held up reimbursement to those yard owners whose practice with respect to the allowance system showed the most glaring abuses. But the abuses of the system had continued and, due to the competition of irresponsible owners, had even spread to the older and more stable yards.

It goes without saying that so-called piecework operators who were able to earn two or three times the normal hourly rates without any corresponding responsibility for output would soon become accustomed to a standard of earnings which could not be maintained either in justice to the Government or to craftsmen, frequently more skilled, operating under legitimate hourly rates.

The board felt, therefore, that it must accompany its piecework decision with some regulation tending to restrict the allowance system within its proper limits. It was accordingly provided that the 10 per cent increase, granted as above mentioned by the decision of November 30, should not apply to earnings based on agreement or allowance. It also made this further provision concerning the allowance system:

SECTION V.—*Limitation on the allowance system.*—The most serious abuse in connection with the payment to pieceworkers that has developed is the excessive payments at the expense of the Government under cover of the "allowance system." In its previous decision the board made the basis of payment to pieceworkers, when for any reason the piece-rate scale could not be applied, the average earnings at piecework for the preceding three days. The board feels that this is a fair rule when fairly administered, but it has so much evidence of its abuse that it must now qualify it so that it can not be used as a device for substituting for the hourly rate what is virtually a new hourly rate out of all proportion to the rates paid in other than piece-rate crafts. It has therefore to attach to the provision making the three-day average piece-rate earnings the basis of compensation to pieceworkers who for any reason are not working on piecework, the following rule: "Provided that this shall not be less than the hourly rate fixed in Schedule A of the decision or more than one and one-half times such hourly rate."

Since it had been agreed that the award should date from October 1 it seemed necessary, in order to put the pieceworkers on a par with the hour workers, to provide in the piece-rate decision for retroactive pay. Conferences revealed the fact that divergence in the methods of recording piecework operations would make it impossible to determine the exact amount of retroactive pay to which the different groups of workers were entitled. It was necessary, therefore, to decide upon a sum which would constitute the additional compensation during the intervening period to which pieceworkers were fairly entitled. After careful study of the earnings of pieceworkers it was decided that this sum should be 80 cents for every full day worked; that is, the same amount as was added to the day wages of riveters and chippers and calkers, by increasing their hourly rates from 70 to 80 cents. This amount was naturally the object of much criticism, since many pieceworkers had earned considerably more than the \$8 per day to which, on the basis of the 10 per cent increase, it corresponded. The board's difficulties with this problem illustrated the obstacles which oppose any effort to render finely balanced justice between groups of workers operating at different crafts and under different conditions in a highly complex industry.

#### INTERPRETATION OF PIECEWORK AWARD.

Immediately after the piecework award numerous questions concerning its interpretation arose. These controversies in several cases resulted in stoppages. There was serious unrest among the pieceworkers during December, 1918, and January, 1919, due chiefly to the establishment by the board of the maximum wage to be paid for work under the allowance system. About the middle of Decem-

ber delegations from the yards in the Delaware River and Baltimore districts waited on the board to protest against the restrictions concerning the allowance and the agreement systems. As a result of conferences with these delegations it was agreed that the international president of the boilermakers' union should hold further conferences with the representatives of the men with a view to reaching an agreement which would at the same time correct the abuses of the system and satisfy the men. Pending the results of these conferences a ruling was adopted on December 18 by which the provision restricting compensation on allowance to one and one-half times the hourly day rate was extended to include work by agreement. After receiving the report of these conferences with representatives of pieceworkers, the board on January 27 and January 28, 1919, handed down two extensive rulings covering the whole piece-rate situation. The ruling of January 27 applied to the crafts covered by the uniform piece-rate scales, that of January 28 to piecework in other crafts.

The significance of the ruling of January 27 is that it was based upon an attempt to define accurately the terms "allowance" and "agreement." From the standpoint of administration and of the working relations between the board and the Emergency Fleet Corporation the formulation of the rule constituted one of the most significant acts of the board. It is, therefore, reproduced in full as Appendix D. (See p. 106.)

Inasmuch as the piece rates in operation on the Great Lakes were not the same as those on the Atlantic coast a separate decision had been made for the Lakes yards. Moreover, the allowance system had not developed significantly in the yards of the Great Lakes. The above ruling, therefore, did not apply to the Lakes yards.

The ruling of November 30, 1918, had provided, with respect to piecework in crafts not covered by uniform piece rates, that each application for approval and for increase in previous rates should be considered on its merits, having in mind the earnings in relation to other earnings in the yard. After the decision, numerous piece rates were submitted for approval and they presented so many different questions of policy and practice that the whole matter was made the subject of a separate ruling on January 28, 1919.

The essence of the ruling was that yards working under lump-sum contracts were at liberty to agree with their workers upon mutually satisfactory piece rates. Inasmuch as such rates would be arrived at in relation to the hour rates in the same crafts, and inasmuch as they would naturally be introduced with the thought of reducing costs, it was provided that any claim for reimbursement should be on the basis of the hour rates in the crafts affected.

In the case of agency yards and yards operating on "cost plus" contracts it was provided that agreements with respect to additional piece rates should be subject to approval by the local representative of the Emergency Fleet Corporation.

In order to grasp the full significance of these rulings it must be understood that they were made at a time when the Emergency Fleet Corporation was attacking vigorously the problem of reimbursing shipyard owners for increased wage costs. The investigations of the Fleet Corporation and of the board's representatives had revealed serious abuses. Representatives of the workers acknowledged these abuses and offered their assistance in eradicating them.

The process, if successful, inevitably meant a radical reduction of earnings for many workers.

Moreover, it should be recalled that immediately after the armistice action by the Navy Department and the United States Shipping Board had put all of the shipyards on a rigid eight-hour schedule, thus eliminating all overtime. It had been anticipated that the reduction of earnings thus occasioned would cause serious outbreaks, but in no case did any notable disturbance arise. The restriction of the allowance and agreement systems coming so soon after the reduction in earnings by the cutting out of overtime created a delicate situation and one which, even with the prospective increase of labor supply, might have caused serious difficulty except for the successful efforts of the international officers in holding the men in check.

#### DEFINITION OF SHIPYARD OCCUPATIONS.

Much progress was made after the armistice in the direction of a better definition of crafts and of greater clarity in the description of work performed by operators in the several crafts. This process was greatly aided by the book on shipyard occupations published by the Emergency Fleet Corporation in October, 1918. Representatives of the workers gave careful attention to the classifications to see that the shipyards conformed to them. Some of the variations led to much debate. A notable example was the definition of leading men and quartermen, especially the basis on which quartermen were distinguished from assistant foremen and foremen. The board did not, however, attempt to hold the yards to precisely the same definition of crafts or to uniform practice in yard organization. It deemed it wise to permit even greater differentiation in organization and rates for special occupations than had been expedient during the war period.

The most important contribution of the board during the period following the armistice was not the adjustment of disputes between the yard owners and the men but the gradual bringing of the industry back to the basis of independent initiative and independent regulation of conditions which preceded the board's creation and would again be controlling after its approaching dissolution.

Early in the winter of 1918-19 conferences with representatives of the Hog Island yards were held and the board was asked to bring the working conditions there within the scope of its awards. An effort to accomplish this purpose met with so many technical obstacles that the end sought was never completely achieved. Conditions, however, were brought more nearly into line with those of other shipyards than they had been at any other period. The establishment of shipyard representatives in the Delaware River district served to bring the management at Hog Island into closer working relations with the board, and resulted thereafter in the substantial adherence of the Hog Island yard to the board's awards.

By and large, it is fair to say that the problem at the Hog Island yards was never a problem of adjustment so much as it was a problem of supply and yard organization. The effort to secure the thousands of employees imperatively needed for the Hog Island yards disturbed the labor conditions in other yards, but considering the magnitude of the work undertaken and the novel methods by which it was at-

tempted to carry it out, it is doubtful whether any machinery for labor adjustments could have lessened the friction which inevitably resulted.

The cessation of hostilities did not change the obligation of the Emergency Fleet Corporation under the agreement to see that the employees in shipyards enjoyed the benefits of the October awards. The armistice, however, removed the necessity, from the Government's standpoint, for preventing shipyards from exceeding the awards, since the keen competition for shipyard labor was over. This was the position taken by the director general from the time of the armistice, but there were so many special conditions that it was not found practicable to issue at once a general order to that effect. The question whether or not rates in excess of the award were permissible when the yard owners themselves assumed the burden remained a source of considerable controversy. There was a strong feeling on the part of some shipyard workers and their representatives, especially those in Seattle, that the Government was standing in the way of higher wages which the workers might but for official opposition have been able to obtain from their employers. The foundations of the policy which the Government was pursuing, that is, fair treatment of all districts and stabilization of wages and working conditions to prevent the wasteful shifting of employees were probably comprehended by only a minority of the workers.

#### SEATTLE STRIKE.

An outstanding event of the post-armistice period was the Seattle strike which followed the failure of the appeal that had been taken from the October award. The conditions in the Seattle yards which preceded the 1917 award have already been described (Chapter II.). It will be recalled that delegates from the Pacific coast had gone to Washington in the late summer of 1917 for the purpose of securing an increase in wages and that strikes had begun both in Seattle and Portland upon the failure of their mission; also that the newly created Shipbuilding Labor Adjustment Board had gone to the coast following on the heels of the returning delegates, and, after holding hearings in Seattle, Portland, and San Francisco, had issued the Pacific coast award of November 4. One of the great obstacles to a settlement at that time arose, as has been pointed out, from the exaggerated expectations of the men, especially in one of the Seattle yards. The contracts that the Government entered into with that yard had provided for reimbursement on the basis of a 20 per cent increase above the relatively high level of wages existing in the yard at the time and thus put the owners of the yard in the position of being able to express to the men a willingness to pay wages largely in excess of any scale which could be justified in comparison with the wages paid, or likely to be paid, in other territories. The psychological reactions of this situation spread to all of the Seattle workers and remained a controlling influence throughout the whole war and postwar periods.

The demand of representatives of the Pacific coast workers for a substantial increase on February 1, 1918, had been denied by the board, since it could not be justified by any increase in the cost of living above the 10 per cent "war bonus," which became a permanent

addition to the wages of all employees on that date. Added to these grounds of dissatisfaction was the long delay in the granting of the next award, due in August, but not announced until October, and the disappointingly small increase in wages which it contained. Since the Seattle workers had already received a 10 per cent addition to the wages fixed by the board in 1917, the granting of a total increase of only 15 per cent, including this 10 per cent, fell so far short of meeting their expectations that they felt that they had practically been held stationary in order that the workers in other sections might be raised to this level. Add to this the general spirit of unrest developed and stimulated among workers in the Puget Sound district and we have the foundation for the grave discontent which manifested itself so dramatically.

Appeal was promptly taken from the October award and an appeal board of six was created, as permitted under the revised memorandum of December, 1917. Three representatives of the men were appointed to sit on this board with the three representatives of the Navy Department and the Fleet Corporation. The appeal board left the October award in operation by a tie vote, the Navy and Fleet representatives voting to sustain the award, the representatives of the workers voting in favor of the appeal. Since it had been widely stated at the time that the appeal was under consideration that the award would never be accepted by the workers in the Seattle territory, and reports were even current that a strike vote had actually been taken before the meeting of the appeal board, the refusal of the Seattle unions to accept the result did not come as a surprise.

With the signing of the armistice, the pressure for maintaining production was naturally greatly reduced. This meant that the Government was not in a position to make an appeal to patriotism or to exert any great pressure upon the workers. When the strike actually occurred late in January, the old issue of the willingness of the yard owners to consider the demands of the men, and the unwillingness of the Government to have them considered, immediately came to the front. The men continued to press their earlier demand for a basic wage scale of \$1 per hour. Some of the yards offered to raise the scale from 80 to 85 cents an hour without reference to reimbursement. It was clear, however, that the representatives of the Government ought not to put themselves in the position of permitting persons who had repudiated an agreement to which the Government was a party to benefit by that repudiation, at least so long as the overt act of violating the agreement continued.

There were some 30,000 or 40,000 workers in the Puget Sound shipyards directly involved in the Seattle strike. The contention of the shipyard workers gradually became an integral part of the general labor situation in Seattle, and, indeed, of the whole coast. The development of the shipyard strike into a general strike that paralyzed the whole community largely distracted public attention from the original issues. This was especially true in view of the dramatic activities of the mayor and the military in bringing about a resumption of work. The contest, however, was one of more than local significance in its relation to shipbuilding.

Observers disagree concerning the extent to which the general strike was supported by the rank and file of shipyard workers. At any rate, there was within the ranks of shipyard workers a very

definite cleavage between the so-called "radicals," following local leaders, and the conservatives, who recognized the leadership of the international unions.

The return to their jobs of workers in other employments who had struck in sympathy did not, of course, adjust the shipbuilding controversy. It left unsettled not only the issues between the workers, the yard owners, and the Government, but also the contest between the "radicals" and the conservatives among the workers themselves. This contest was brought to a climax in a Pacific coast meeting of the metal trades, held in Portland in February. On the invitation of representatives of workers who favored following the leadership of the international unions, Mr. Marshall, who had gone to the coast in the interest of a general piece rate adjustment, consented to respond to questions. After this convention there was never serious danger that the strike would extend to the other territories on the coast or elsewhere.

As a result of this and other conferences it was finally agreed that the shipyard workers should return without discrimination on account of having struck. Since, however, some of the shipyards had filled a part of the positions with workers who had been employed in good faith, and since the strike itself was in violation of an agreement with representatives of the workers, neither the yards nor the Government undertook to guarantee the reemployment of all of the persons who had gone on strike. No date was fixed for the official termination of the strike, but there was a gradual resumption of work.

#### SIGNIFICANCE OF SEATTLE STRIKE.

The significance of the Seattle strike from the standpoint of war-time labor policy lay not so much in the dramatic elements that have attracted public attention as in the revelation of the cross-currents within the ranks of organized labor and of the extent of the power exercised by the officers of international unions in behalf of agreements into which they have entered. There was some criticism of the international officers of the various shipbuilding unions because they did not take a more decided public stand against the wholesale violation of their agreement by the Seattle workers. In this connection it should be remembered that the precise method of dealing with a critical and dangerous situation, like the one which developed on the Pacific coast is, primarily, a matter of strategy rather than of principle.

The facts that the international officers condemned the strike, that without exception they ordered the men back to work, and that they denied them strike benefits from the international treasuries and forbade the circularizing of the general membership for contributions were, in the opinion of the board, sufficient evidence of their good faith in upholding their agreements.

On the question of strategy it obviously appeared essential to all of the international officers that they should act in unison. There is reason to believe that the advisability of going beyond the steps above enumerated was seriously considered by the international presidents in conference at Washington. Legally, it would have been possible for them to have forfeited the charters of all locals whose officers failed to carry out the orders of the international in

getting the men back to work, and also to have forfeited the membership of all the union workers who omitted to comply with the order to return to work. There is reason to believe that this policy was advocated by some of the international presidents. In considering the wisdom of it, however, the balance between radical and conservative views among union members must always be borne in mind. The more drastic the methods adopted by the international officers in attempting to reestablish control over their locals and their membership on the Pacific coast the more ammunition they would have given to the radicals among their members, with the possible result of firmly establishing control locally in the hands of extremists.

Another factor in the situation was the uncertainty concerning the preponderance of sentiment among the Seattle workers. If the strike had been purely a matter of the local machine, with but slight support from the rank and file, drastic measures might well have been the most effective. If, however, a substantial majority of the workers were really in favor of the strike, the result of canceling local charters and memberships might well have been to stimulate the formation of independent radical unions which it would have been difficult for the international organizations to reabsorb.

The weight of opinion among international officers seems to have been that the denial of financial support would mean of necessity that the Seattle strike must languish, and that any action on their part which would give the radicals opportunity to charge the international officers with being too friendly to employers, or which would give them any other talking point, would be detrimental to the cause of the speedy resumption of work in accordance with the agreement. Taking all of the complex factors into consideration, there is strong reason for maintaining that the international officers showed not only complete good faith in their dealing with the Seattle strike, but that they clearly manifested their patriotism and a high degree of statesmanship.

#### OTHER ACTIVITIES OF THE BOARD.

A part of the activity of the board during the postarmistice period was directed toward perfecting its local organization. The work of the examiner-district representatives was becoming all the while more important, and, although carried on under the advice and with the close cooperation of the board, was in the nature of a preparation for taking over the adjustment work after the dissolution of the board on April 1. The same process of interpretation that had gone on under the earlier awards was necessary under the October awards, although naturally much of the ground covered had been broken by earlier decisions.

With the subsidence of the Seattle strike the conditions in the other yards of the country became more quiet. All in all the conclusion of the postarmistice period on April 1, 1919, found the situation in the shipyards in a relatively satisfactory condition. There were few problems of fundamental importance pending, great progress had been made toward the elimination of abuses that had sprung up during the war period, and the conditions for removing

the hand of the Government from the industry were much more favorable than they would have been a few months earlier. The district organizations by this time had become thoroughly familiar with the conditions under which the shipyards were being operated and were well qualified to deal with the situation through the subsequent period.

Before the board dissolved the director general of the Emergency Fleet Corporation had announced that the wage schedule contained in the October award would be continued during the subsequent six months. Inasmuch as the potential supply of labor prior to April 1 was much greater than it had been, this decision was, at the time, eminently satisfactory to the men, although there were here and there expressions of discontent. Changes in the labor market after that time resulted in its becoming less satisfactory than had been anticipated, and as time went on the continuance of the award in the face of further increases in the cost of living led to considerable unrest. Wages were tending to increase outside of the shipyards, and there were determined efforts on the part of various labor groups to increase the hourly rates which had been established by the board.

Immediately subsequent to the issuance of the board's ruling of January 27, 1919, defining the terms "allowance" and "agreement," the Emergency Fleet Corporation issued its general order No. 165, which restricted to a definite percentage of the total amount of work done upon a ship the amount that might be done on the "allowance" basis. In the Delaware River district, where much of the work had been done on the "allowance" basis, this order led to strikes and considerable unrest. The order also pressed to the front in connection with this unrest many difficult technical questions relating to shipbuilding practice, due to numerous differences in interpretation of the items in the piecework schedule.

The proximity of the yards in the Delaware River district made it easy for workers to compare these interpretations and discover which were most advantageous to them. Settling the various questions which arose in this way was particularly difficult because of the lack of standard practice in shipyards and the disagreement on the various points among experienced shipbuilders. It was one of the problems which never reached full and satisfactory settlement.

The situation in the shipbuilding industry at the time the board concluded its work was one of great uncertainty. Part of this condition was the natural reaction from the artificial stimulation to which shipbuilding had been subjected during the war. The cooperation of the board, the Emergency Fleet Corporation, shipyard owners, and representatives of workers resulted in substantial progress in the direction of liquidating the abnormal conditions of the postwar period. There was always in the background, however, the question what was going to become of the industry itself when existing contracts with the Government expired. This question was especially significant whenever adjustments looking toward the future were under consideration.

In these circumstances, the significance of the work of the board and its various agencies can not be judged in reference to the condition in which they left the industry, but must be appraised rather in reference to the contribution made toward the winning of the

war. Whether or not a board responsible to the constituencies which the Shipbuilding Labor Adjustment Board, represented and organized as was this board, was the best agency for handling the shipyard labor problem during the war is a question on which opinions may differ. It is clear, however, that no such expansion of the industry as actually occurred could have taken place without some kind of organization reaching out into all of the territories in which shipbuilding was being carried on.

The conditions in the industry in April, 1919, were surely more stable, and the necessary contraction of shipbuilding more orderly, than they would have been had not the tradition of responsible guidance and systematic procedure in industrial relations obtained during the war and immediate postwar periods. Discussion during the months following the armistice of future independent agreements between the shipyards and representatives of the shipbuilding crafts, and the agreements, described in the next chapter, were clearly the result of war-time adjustments. Viewed from the standpoint of the organized workers, the fact that these agreements were in contemplation was probably an influence making for industrial peace and stability in most of the shipbuilding territories when the board was dissolved.

## CHAPTER XI.—POSTWAR VOLUNTARY AGREEMENTS.

At the beginning of the war shipbuilding, with the exception of certain yards on the Pacific coast, was an open-shop industry. Unionism among its workers had not spread to the extent of having any particular influence on problems of operation. The general atmosphere of the country under war conditions and the prohibition of discrimination between union and nonunion workers were both favorable to organization. By the time the spring awards of 1918 were handed down the industry, with the exception of the South, was substantially unionized and even in the South white workers were generally organized.

The provision against discrimination in the awards of the Shipbuilding Labor Adjustment Board was obviously intended to operate as much as a protection to nonunion workers in union yards as it was for union workers in nonunion yards. The effect of the provision, however, while it prevented a closed shop, was to make possible a fairly complete organization of yards in all territories.

The international presidents of the unions in the principal shipbuilding crafts, excepting only the carpenters, were parties to the agreement under which the Shipbuilding Labor Adjustment Board was organized, and the successful operation of the board always depended on their cooperation. The only difference brought about by the refusal of the international president of the carpenters to sign the agreement was that cooperation at the top was lacking for that craft, but this did not prevent local officials of the carpenters from agreeing to abide by decisions of the board in advance of the issue of all of the important awards nor remove the necessity for dealing with such officials in making day-to-day adjustments.

Whatever their original views about organization, shipyard owners during the war became accustomed not only to dealing with employees who were organized, but also, with few exceptions, to dealing with the officers of unions. When the armistice came and the Shipbuilding Labor Adjustment Board was about to discontinue its work, the question at once arose how the yards were to deal with their employees in the future. Individual owners were naturally inclined to answer the question each in harmony with his own views and with the labor conditions as he saw them in his own territory and his own yard.

Somewhat in advance of the armistice an attorney and director of the Bethlehem Shipbuilding Corporation raised the question of making a union agreement to become operative in the several Bethlehem yards when the Shipbuilding Labor Adjustment Board should go out of existence. The question thus informally raised was for several weeks under consideration by officers of the corporation and representatives of the unions. In the meantime the armistice occurred and made the question of future labor relations one for early consideration.

**AGREEMENT BETWEEN BETHLEHEM SHIPBUILDING CORPORATION AND METAL TRADES DEPARTMENT.**

During the late autumn of 1918 several conferences between the executive officers of the Bethlehem Shipbuilding Corporation and the international presidents of the principal shipbuilding unions were held. The labor member of the Shipbuilding Labor Adjustment Board, who was also secretary of the Metal Trades Department of the American Federation of Labor, was an active participant in these conferences. Finally, on January 7, 1919, an agreement between the Bethlehem company and the Metal Trades Department was entered into. The importance of this agreement justifies its incorporation in full. It reads as follows:

Agreement made this seventh day of January, 1919, between the Bethlehem Shipbuilding Corp. (Ltd.), a Delaware corporation (hereinafter called the company) and the Metal Trades Department of the American Federation of Labor (hereinafter called the department). Witnesseth that—

Whereas the department is an organization composed of national and international unions (hereinafter called the unions) affiliated with the American Federation of Labor, many of the members of the said unions being in the employ of the company in its various plants; and

Whereas the company recognizes the said unions collectively as a suitable agency to represent its employees in questions arising as to wages, hours of labor, and general working conditions; and

Whereas the department is authorized by the express consent of each union which is a member of the department to enter into an agreement with the company providing for the relations of the unions with the company—

Now, therefore, it is agreed as follows:

(1) The unions shall select a committee of five members (hereinafter called the internationals' committee) which shall represent the unions in questions arising between the unions and the company.

(2) The members of the internationals' committee shall be selected in such manner, for such terms, and with such provisions for alternates as the unions may from time to time determine.

(3) The internationals' committee may appoint agents, delegates, or officers who shall have such authority in dealing with the separate managements of the plants of the company, or with employees' committees in such plants, or on behalf of such employees' committees, as shall expressly be conferred by the internationals' committee.

(4) The internationals' committee, or any member thereof, or any person expressly authorized by said committee shall have access to any plant of the company on the business of the internationals' committee, in accordance with rules and regulations agreed to by the internationals' committee and the company's committee.

(5) The relations of the unions with the company and with the separate managements of its plants (including in the term "unions" all departments, councils, federations, central, local, or other organizations affiliated with the American Federation of Labor, and all agents or officers thereof) in matters affecting wages, hours of labor or working conditions are to be carried on exclusively through the internationals' committee, or in accordance with the rules of said committee from time to time established, and not otherwise.

(6) It is understood that the employees will select local or plant committees that will function in the same manner as provided for in the Shipbuilding Labor Adjustment Board awards, subject to such changes or modifications as may from time to time be agreed upon by the internationals' committee and the company's committee.

(7) The company shall appoint a committee of five members (hereinafter called the company's committee) to meet with the internationals' committee at regular intervals and otherwise subject to the joint call of the chairmen. The members of the company's committee shall be appointed in such manner, for such terms, and with such provisions for alternates as the company may from time to time determine.

(8) The internationals' committee and the company's committee shall jointly hear or consider all grievances or other questions affecting wages, hours of labor, or working conditions which have failed of adjustment, and any other matters as to which such joint consideration will tend to avoid misunderstandings, or will improve the condition of the industry and of its employees. Any officer representing a union shall

have the right to be present at a hearing in the subject of which the interests of his organization are specially concerned, or to confer with the committees, sitting jointly, on any question which in his judgment requires consideration or adjustment.

(9) The internationals' committee shall pay the compensation and expenses of its own officers, agents, or delegates, but the company will pay the reasonable compensation and expenses of its employees for time actually spent in service on craft or other committees in accordance with provisions and rules from time to time made and agreed upon by the internationals' committee and the company's committee.

(10) A national or international union, any of the members of which are employees of the company, and which is not a member of the department, may become a party to this agreement by notice to the department and to the company of its intention to conform to the provisions thereof. Any such union may withdraw from the agreement upon notice to the department and the company. Either the department or the company may terminate this agreement at any time by giving 30 days' notice in writing.

In witness whereof, Bethlehem Shipbuilding Corp. (Ltd.), has caused these presents to be signed and its corporate seal to be hereto affixed by Eugene G. Grace, its president, and Joseph W. Powell, a vice president, and the Metal Trades Department of the American Federation of Labor has caused these presents to be signed by James O'Connell, its president, and A. J. Berres, its secretary, all on the day and year first above written.

BETHLEHEM SHIPBUILDING CORPORATION (LTD.),  
 By E. G. GRACE, *President*.  
 J. W. POWELL, *Vice President*.  
 METAL TRADES DEPARTMENT,  
 By JAS. O'CONNELL, *President*.  
 A. J. BERRES, *Secretary-Treasurer*.

The Bethlehem agreement at once raised a question of policy for other yards. A few days after the agreement was signed a conference took place between the director general of the Emergency Fleet Corporation, the members of the Shipbuilding Labor Adjustment Board, the examiner of the board for the Great Lakes district and the principal shipbuilders on the Great Lakes. The Director General called the attention of the builders to the Bethlehem agreement, and raised the question whether they would be interested in negotiating a similar agreement. The builders took the question under advisement. Shortly following this conference a letter was sent to all the shipbuilders of the Atlantic coast, Gulf, and Great Lakes yards, advising them of the Bethlehem agreement and suggesting that steps be taken looking toward similar agreements in other yards.

#### AGREEMENT BETWEEN ATLANTIC COAST SHIPBUILDERS' ASSOCIATION AND METAL TRADES DEPARTMENT.

It will be recalled that this was the time immediately preceding the Seattle strike. It was also the time when the board and some of the union representatives were cooperating to eliminate abuses in shipyards, especially those in connection with piecework. All in all, there was a general condition of unrest in shipyards throughout the country. The question of a union agreement was brought up shortly after in the Atlantic Coast Shipbuilders' Association, and became the subject of active discussion. The executive committee of the association was instructed to confer with the officers of the Emergency Fleet Corporation and of the Navy and with the Shipbuilding Labor Adjustment Board with reference to an agreement. Several conferences were held, which were followed by conferences with the officers of the Metal Trades Department of the American Federation of Labor.

Some of the builders who were members of the Atlantic Coast Shipbuilders' Association were inclined to regard union conditions in shipyards as a war phenomenon inspired by the labor policy of the Government. These builders were opposed to any agreement or suggestion of an agreement looking toward the perpetuation of union conditions. Those who were most pronounced in this view finally separated from the Atlantic Coast Shipbuilders' Association on account of the attitude taken by the association looking toward such agreements. Other resignations were threatened, and negotiations were long delayed.

In the meantime the director general of the Emergency Fleet Corporation issued an order continuing the wages and working conditions of the "Macy" award of October, 1918, in operation until October 1, 1919, unless changed by mutual agreement.

Finally, on August 20, 1919, the administrative council of the Atlantic Coast Shipbuilders' Association reached an agreement with the Metal Trades Department of the American Federation of Labor. This agreement was similar to the one previously signed by the Bethlehem Corporation.

Of the 34 yards represented in the association 19 were covered by the agreement. Eleven yards elected not to be subject to the provisions of the agreement. The remaining yards were parts of the Bethlehem Corporation, and were covered by that agreement.

Soon after the agreement with the Metal Trades Department was signed, similar agreements were entered into with other crafts represented in shipyard operations. The only substantial differences between these agreements are in the size of the boards created and in certain details which arise out of the history and organization of the particular crafts.

Up to the present time (August, 1920) the boards created by the Bethlehem and the Atlantic coast agreements have not been especially active. The general condition of the shipbuilding industry has been such that the influence of the agreement has naturally been in the direction of maintaining the existing status rather than of starting negotiations for new conditions. Both the agreements continue the shop committees essentially as they existed under the awards of the Shipbuilding Labor Adjustment Board. These committees have in the main furnished the machinery for taking care of the adjustments that have had to be made from day to day.

#### **ATTITUDE OF GREAT LAKES YARDS AS TO UNION AGREEMENTS.**

The Atlantic coast agreements cover all the yards of the Delaware River territory and a large part of the other Atlantic and Gulf yards. Early in 1919 a plan was suggested for bringing the Great Lakes yards into such an affiliation with the association that essentially the same industrial relations machinery would function in all of the shipbuilding territories except the Pacific coast. Builders on the Lakes, however, preferred to maintain their identity and the proposed affiliation did not take place. The company which was the largest of the builders on the Lakes not only opposed a nation-wide affiliation, but likewise did not favor an association of the Lakes builders of a sort to make a uniform agreement practicable.

Although the yard owners on the Great Lakes had at first looked with disfavor on shop committees, the committees had come to be more effective in the Lakes yards than perhaps anywhere else in the country. By the beginning of 1919 owners had apparently come to believe that industrial relations could be more successfully conducted through the shop committees than they could through agreements with the international officers of the unions. The employees in the Lakes yards were, of course, organized and the committees were made up of union men. Nevertheless, through the efforts of the examiner for the Lakes district, the committees had developed a degree of responsibility that enabled them to function in some measure as employee representatives as distinct from representatives of the union. The international officers of the different unions were on the whole favorable to the way in which the shop committees had developed and desired them to be successful, but naturally not in a way to displace the union itself.

After the question of a union agreement had been for some time discussed the largest shipbuilding company signed an agreement along the general lines of the Bethlehem agreement, but the example was not followed by other builders on the Lakes.

#### SITUATION ON PACIFIC COAST.

With the possible exception of the Columbia River district the influence of war policies was less pronounced on the Pacific coast than in other shipbuilding territories. The outstanding facts, of which the board had to take account when it went to the Pacific coast in 1917, were the union control of labor in the Puget Sound and San Francisco Bay territories and the open-shop conditions on the Columbia River. The agreement for the Columbia River district voluntarily entered into by both sides at that time definitely recognized the open-shop conditions and made substantial concessions to the determination of the builders to hold union development in check.

The board could not, however, change the policy laid down in the agreement of August 20, 1917, in which working conditions for the various shipbuilding crafts were determined with union cooperation. The relations between yards of the Columbia River district and their employees under the agreement with the board were to be carried on through craft committees of three members each, elected by secret ballot. The chairmen of these craft committees were to constitute a joint shop committee along the lines later developed in eastern yards. It was expected that many of these committees would be nonunion committees. When later with the growth of organization they came to be predominately union committees considerable question arose as to their status. The builders of the Columbia River district were always extremely solicitous lest the conditions on the Puget Sound should be extended to the Columbia River.

A consolidation of shipbuilding districts undertaken by the Emergency Fleet Corporation in the summer of 1918 threw the Portland and Seattle districts together. This consolidation was shortly followed by provision for an examiner-district representative, responsible jointly to the Shipbuilding Labor Adjustment Board

and the industrial relations division of the Emergency Fleet Corporation, to serve the whole of the enlarged district.

Gov. McBride, who had been serving in Seattle, was the most available person to serve for the combined districts and was therefore appointed. The appointment at once became the subject of protest on the part of the Columbia River yard owners, because they believed it would tend to introduce the union conditions of Seattle into the Portland yards.

An assistant examiner had previously been serving in Portland and had made some decisions that the Portland owners considered unduly favorable to the unions. Possibly this fact influenced the operators in their protest. However, the protest was not followed up. In all of his activities the examiner was careful to recognize any existing difference in conditions between the Seattle and Portland yards.

The question of the status to be occupied by Pacific coast yards after the board should discontinue its work did not become one for immediate consideration until after the Seattle strike. There was in the background, however, in all of the negotiations concerning the October, 1918, award and the later adjustments or attempts at adjustments with respect to piece rates, the question of future conditions. The policy of the board after the armistice was to throw as great responsibility upon the yard owners and the employees for the determination of conditions as was consistent with the maintenance of its own awards.

The arrangement under which the men returned to work after the Seattle strike contemplated a general conference in Washington between the Pacific coast operators, union representatives from the Pacific coast yards, the international officers, and representatives of the Emergency Fleet Corporation. Such a conference was held during March, 1919, and resulted in a document which was to be submitted to the workers in the coast yards. The document provided for maintaining the working conditions substantially as they had been under the awards of the Shipbuilding Labor Adjustment Board and for recognizing the existing conditions with respect to organization as they were found in the different coast territories. The controversial point was of course the wage scale, and this was a point upon which there was a wide difference of viewpoint between the operators and the men. The agreement failed of ratification by the men. During the summer representatives of the Emergency Fleet Corporation went to the coast with the idea of bringing about some sort of settlement, but their efforts were not successful. A point which seems to have been overlooked by the workers on the Pacific coast was the freedom of the Government to build ships or not to build them in Pacific coast yards. The impossibility of providing for harmonious industrial relations in these yards tended to confine operations to yards in which there was a possibility of operating under agreements and conditions worked out with the purpose of treating all parties fairly.

#### SIGNIFICANCE OF BETHLEHEM AGREEMENT.

The effort to come to a general understanding along the lines of the Bethlehem agreement was not successful, but it can still be maintained that this agreement represents a significant event in the field

of industrial relations. Although the agreement applied to the Bethlehem Shipbuilding Corporation and not to the Bethlehem Steel Company, which had its own shop committee system along somewhat different lines, a suggestion of its possible influence may perhaps be seen in the fact that the recent steel strike caused hardly a ripple in the Bethlehem company. The significance of the document is found in the fact that it is concentrated upon the one thought of collective bargaining upon which both the employers and the representatives of the employees were able to meet. The objection of the open-shop employer to unionism does not have to do primarily with collective bargaining but it has to do with the closed shop, with restriction of output, and with what he considers the objectionable activities of business agents.

The Bethlehem agreement is documentary evidence of the possibility of the parties at least entering into an agreement for the creation of adjusting agencies, and one which, on the surface at least, seems to be directed toward efficient production.

Close association with both the representatives of the unions and of the Bethlehem company at the time this agreement was in process convinced the members of the board not only that the agreement had an honest purpose on both sides, but that it was entered into heartily and freely with a real hope and expectation that it would result in harmonious relations and efficient production in the yards of the Bethlehem company.

The surrender of provision for the closed shop in the Bethlehem agreement, was made possible because the more thoughtful of the union representatives recognized that, granted a sufficient degree of organization to make an agreement possible and enforceable, the presence of a small minority of nonunion workers is a matter of comparative indifference.

By confining their attention to collective bargaining under union auspices and making collective bargaining an instrument for enforcing standards of wages and working conditions, the unions in this case were able to establish a promising basis for forestalling industrial conflict in a large part of the industry.

## CHAPTER XII.—CONCLUSION.

The Shipbuilding Labor Adjustment Board owed its existence to the war emergency. As the magnitude of the shipbuilding program forced on the country by the war became apparent, the need of some adjusting agency of comprehensive scope to settle disputes that might interrupt the progress of shipbuilding was felt, just as were similar needs in connection with the other essential war industries. That the organization that was adopted on August 20, 1917, under the stress of this compelling situation would not be entirely satisfactory was a foregone conclusion. Some of its defects were corrected in the revised agreement of December 8, but this revised agreement avoided making radical changes. The difficulties encountered in drafting the original plan had been too serious and too recent to make either the Government departments or the responsible labor leaders concerned willing to hazard the whole undertaking by proposing fundamental modifications.

In the light of subsequent developments one essential defect in the organization of the board must now be admitted. No one of its three members represented the shipyard owners, who were so vitally affected by its decisions. It was apparently the thought of those who joined in the original agreement that the provision for local representation of the yard owners and the employees directly involved in a dispute would give to the shipbuilders a sufficient voice in the decisions of the board. When the provision for local representation was wisely eliminated from the revised agreement, however, no substitute form of shipbuilder representation was inserted. As a consequence the shipyard owners were prevented from making whatever contribution to a better formulation of awards might have been suggested by their practical knowledge and experience, and were in a position, throughout the history of the board, to dispute its authority on the ground that they were parties neither to its creation nor to its operation. The happy personnel of the board whose members, as appreciated by all who came in contact with them, were dominated by the single purpose of making adjustments that would be at once fair to both sides and conducive to maximum ship production, went far to overcome this defect in organization. However, it can hardly be doubted that if from the outset the public, the Navy, and the Fleet Corporation had been represented jointly in the person of the chairman, so that a technically competent shipbuilder, chosen by the yard owners of the country as the third member of the board, could have added his special knowledge of the industry to the invaluable technical knowledge of the labor representative, some mistakes might have been avoided, and, what is even more important, the yard owners might have been impressed from the outset with their obligation to carry out in good faith whatever decisions the board, to which they would then have been parties, might render.

To say that this would have been desirable is by no means the same as to assert that it would have been feasible. Even at the close

of the war the yard owners were without any adequate national organization. In the summer of 1917 they were so separated and so little acquainted that the attempt to bring them together on the selection of a representative might have delayed the organization of the board indefinitely. That a shipbuilder representative was not included in the board's membership was, however, a handicap which impeded the efficiency of the board in connection with nearly all of its official acts. This should in fairness be borne in mind in judging of the value of the services which the board, in spite of it, was able to render. It should also be recalled when similar boards are organized in the future. All experience seems to indicate that the ideal form for such a board is equal representation on the part of the employers and employees concerned, with a public or government or public-government representative to serve as chairman.

Accepting the necessity for nation-wide adjustment of wages in an industry which permanently or during an emergency possesses a semipublic character, the question what administrative machinery is required to make adjustment effective is one of scarcely less importance than the question what constituencies an adjustment board should represent. The machinery through which the findings of the Shipbuilding Labor Adjustment Board were administered has been described at length in Chapter VIII. Many of the features of that machinery were so obviously the outgrowth of fortuitous circumstances in the development of war-time shipbuilding policy that general conclusions drawn from their operation might be extremely misleading. Nevertheless, the experience of the board does seem to indicate clearly that cooperation between employers, representatives of workers, and a Government agency, in time of national stress, can work out and administer satisfactory adjustments through comparatively simple machinery. If the constitution of the board, as suggested in the preceding paragraph, had at the start assumed a larger responsibility on the part of employers, the necessity for extensive machinery would have been even less.

The qualifying circumstance in this connection is, of course, the fact that many of the details of administration in connection with the decisions of the board were in the hands of the Emergency Fleet Corporation or the Navy. In a considerable measure, however, these details were the result of the Government's taking such large responsibility for the practical administration of shipbuilding; and they do not negative the general conclusion that the basic work of labor adjustment can be done with a comparatively simple administrative machine. If this be true, it is, of course, a fact of great significance in connection with future national labor adjustments which may become necessary.

#### STANDARDIZATION OF WAGE AND LABOR CONDITIONS.

Another important problem on which the board's experience should throw light concerns the extent to which the standardization of wage and labor conditions is a desirable aim. In the situation in which the board found itself from month to month, there was little opportunity to consider whether further standardization would or would not be advantageous. The demand for it from the side of the employees

was well-nigh irresistible and as long as the work was being done for the Government and the Government was in the last analysis paying the bills, there seemed no good reason why this demand should not be complied with. Little by little any preconceptions the members of the board may have had against standardization were swept aside by the progress of events. The active competition for the inadequate supply of skilled shipyard workers among the Pacific coast districts and the high turnover and general unrest that resulted made the case for a uniform Pacific coast scale seem convincing as soon as the board acquainted itself on the spot with the conditions.

On returning east and taking up the problem of adjusting wages for the Delaware River yards, one member of the board was already convinced that a uniform scale for the whole country offered the only effective means of stemming the rising tide of industrial unrest. This policy was not at once adopted, but the scale determined upon for the Delaware River yards was rapidly extended to the other eastern districts, so that by April, 1918, there was substantially one Atlantic coast, Gulf, and Great Lakes scale. Developments during succeeding months made the board unanimous in deciding to embody in its October, 1918, awards uniform scales for nearly all occupations for all the shipyards of the country.

The arguments for standardization which brought about this result were chiefly psychological. From the point of view of the workers affected the case stood thus: They were engaged in producing ships to assist the Government to win the war. The Government was not only paying for the ships but was a party to an agreement with the heads of the shipyard unions which provided that wages and working conditions should be fixed by a board. Experience had already convinced the organized workers—and the proportion organized was growing by leaps and bounds—that their interests were best served by having standard or union rates of wages for each craft in each locality. Why should not such standard rates, not now union but board rates, be established for all of the yards of the country? The ships were being built for the Government and the Government was paying for them. What justification was there for paying at different rates for identical Government work, whether it was performed in the South or in the North, on the Atlantic or on the Pacific? If bringing wages to a level had meant leveling them down there would undoubtedly have been strong opposition, but it was a time for leveling up. Under the circumstances the causes which had brought about existing differentials in favor of the Pacific as contrasted with the Atlantic or of the north Atlantic as contrasted with the south Atlantic were impotent compared with the forces that were pushing toward uniformity on a national scale as a means of achieving a great national purpose.

The case was somewhat less convincing to the shipyard employers than to the men but their experience brought them, also, to favor uniform rates. There was a shortage of competent shipyard mechanics the country over. The first impulse of the individual employer under these circumstances was to offer higher wages to attract employees from other yards. But this was so obviously a game at which two could play that the larger yards quickly realized that new men must be trained for the industry. From an early period the intelligent,

progressive owners, therefore, favored a policy that would prevent yards from drawing employees away from one another and so stabilize conditions that the new men that they trained themselves would continue in their employment.

The board was impressed by the arguments that caused employees and employers to favor uniformity, but was sooner convinced in favor of a uniform national scale than either, because of its broader contact with the whole shipbuilding situation. The practical considerations which made a uniform scale seem best calculated to promote the public interest are set forth in the preamble to the revised south Atlantic and Gulf award of April 6, 1918, quoted at length in Chapter V.

As there stated the supply of trained shipbuilders was entirely inadequate to meet the needs of the southern yards, and yet they could not retain the workers they already had unless given as high a wage scale as had been established for other districts. Moreover, as pointed out, the establishment of a uniform wage scale for all of the yards would enable the Government to determine readily which yards were best manned and most efficiently organized and therefore most deserving of additional contracts and of financial support in executing them.

#### STANDARDIZATION OF PIECE RATES.

Convinced of the wisdom of standardizing the hourly rates of wages, so that men doing the same work would command the same rate of pay in whatever yard the work was performed, the board allowed itself to be persuaded that standardizing piece rates for the occupations in which piecework prevailed would also prove advantageous. Such standardization was first effected for the Delaware River and Baltimore districts. From here it was extended to the whole north Atlantic and, with modifications, to the Great Lakes. Although efforts were made to standardize piece rates also for the Pacific coast yards in the autumn and winter of 1918-19, the plan encountered so many obstacles that it was never carried out.

No part of the awards made by the board proved more difficult to enforce or caused so much friction and unrest as the decisions in reference to piece rates and the compensation of pieceworkers. Reviewing the whole experience, it is now apparent that the inherent difficulties opposing the attempt to standardize piece rates were too great to be overcome. In fact, it is not too much to say that there is a fundamental incompatibility between the idea of piece rates and the idea of standardization. The whole purpose of piece rates is to stimulate production by making a direct financial appeal to the individual to turn out the largest product of which he is capable. The purpose, on the other hand, of standardization is to make the employee satisfied that he is receiving in the place in which he is employed as much as he could command for the same work elsewhere, reliance being placed upon the pride of the workman in his work, his ambition to rise to a higher position, and the stimulus of the foreman directing his labor to keep his output up to a maximum. Standardization, as regards hourly or day rates, with its inevitable tendency to weaken the direct financial incentive to the worker to increase his output, was wise public policy during the war, because it was the only policy which could be adopted and defended as a

basis for the regulation of wages by a national board and because it could be supplemented by the patriotic appeal that was continually made to the workers to do their best to help the Government win the war. By adopting it the board put itself in a position where it could say that it was treating all the workers alike.

Standardization as regards piece rates could offer no such justification. By taking from the employer control over this method of compensation it prevented him from so adjusting piece rates to day rates in his plant that his pieceworkers would feel the urge of financial gain sufficiently to speed up production and yet would not be able by so doing to increase their earnings to an extent that would make day workers dissatisfied. It could not be claimed by the board that by standardizing piece rates in all the yards in a district it treated all of the pieceworkers alike. On the contrary, it was soon demonstrated that because of the marked differences in efficiency of equipment and management among the yards, such a policy resulted in treating them quite differently. In the better equipped and better managed yards pieceworkers paid in accordance with the board rates could earn much more than equally able workers in the less well equipped and well managed yards. Thus, instead of creating the feeling that all were treated alike, standardization of piece rates, when pay envelopes were compared by workers in different yards, fostered the suspicion that favoritism was being shown. Under the plan the better yards tended inevitably to attract skilled and ambitious pieceworkers from the poorer yards. To hold their men the poorer yards were under an almost irresistible temptation to offer more than the authorized rates either directly or through some subterfuge like the allowance system. The board believed that a uniform piece-rate scale would spur the poorer yards to bring their equipment and management to the level of the best. It undoubtedly did have that tendency, but the obstacles to be overcome were too great and the period of the war was too short to permit the results of the tendency to show themselves very conspicuously. The quick way to equalize conditions was by paying above the board rates, and this was done on a scale that far outweighed any of the expected advantages from standardization.

The alternative to the standardization of piece rates that was seriously proposed to the board by some of the labor representatives was the abolition of piece rates. To do away with the method of wage payment that most of the yard owners deemed most conducive to the speedy production of ships seemed, however, too radical a measure in the face of the war emergency. Standardization was attempted instead because it involved a less sweeping change and because there was such widespread dissatisfaction with prevailing piece-rate systems. It was perhaps the best plan that could have been chosen under all of the circumstances. If, however, the regulation of wages by a board in plants that are both widely separated and of varying degree of efficiency is to be undertaken as a regular and continuous policy, it may confidently be concluded from the Shipbuilding Board's experience that the wages of all employees should be placed on an hourly or daily basis and other methods relied upon to stimulate the workers to increase their output. Methods of payment related to the individual output of the worker, like the piece method or premium method, must, to operate fairly, be worked out

for each individual plant. They, therefore, can not be made part of a policy of wage regulation for numerous plants through a board without giving rise to continuous friction and dissatisfaction. In certain industries, like coal mining, the difficulty may be, and is, overcome through fixing a fair piece rate for one plant or mine and using that as a basing point, rates in other plants or mines varying from it by what are considered fair differentials. But for a rapidly evolving and changing industry like shipbuilding during the war, decisions in regard to fair differentials could hardly be made rapidly enough to adapt themselves to the ever new situations.

The issue in regard to piece rates which proved so troublesome to the Shipbuilding Labor Adjustment Board presents itself in connection with the problem of collective bargaining in every industry in which the piece method of payment has been employed. While many collective agreements including piece rates are regularly made, there can be no question that the attempt to embrace them in a collective bargain affecting many plants greatly complicates the problem. This difficulty of adjusting fairly piece rates in a number of different plants as part of a standard wage agreement, rather than objection to having each employee rewarded according to his individual capacity, is a principal reason for the well-known preference of experienced labor leaders for hourly or daily rates.

#### SUCCESS OF APPEAL TO WORKERS' PATRIOTISM.

The last aspect of the work of the board which merits emphasis is the success achieved in trying to supplement the appeal of self-interest by the appeal of patriotism as a motive to increased production. When the board was created the relations between employers and employees in the industry were strained to the breaking point in nearly all of the shipbuilding districts. The board was successful in restoring and maintaining substantial industrial peace during the duration of the war chiefly because it constantly impressed upon all those with whom it came in contact the vital contribution the shipbuilding industry was making toward the winning of the war and the obligation this imposed upon everyone connected with it to do his utmost for the common cause. And it reenforced its exhortations by example. Every member of the board and everyone connected with it was dominated by the desire to help win the war. This raised the proceedings of the board above the level of ordinary wage adjustments and goes far to explain whatever confidence and prestige the board won for itself during the 18 months of its active existence.

The appeal to patriotism was, of course, made use of by other departments of the Navy Department and the Emergency Fleet Corporation. In fact as time went on there was danger that too much reliance might be placed upon it and too little upon the more efficient organization and direction of the shipbuilding industry. On the whole, however, there can be no question that whatever improvement in ship production occurred, allowing for the rapid expansion of the industry and the constant breaking in of new men which this necessitated, was in direct proportion to the extent to which employers and employees were brought to forget their differences and to join together in the whole-hearted effort to produce ships, and ever more ships.

It is to be hoped that an equally serious emergency may not soon again confront the country, but the experience proves what a great reservoir of latent productive power may be unlocked when all of those participating in industry concentrate their undivided attention upon increased production. It is this possibility of increased production through better relations and more whole-hearted cooperation between employees and employers that gives promise of success to plans for developing copartnership in industry which might otherwise seem visionary and impracticable. The one essential to success for any departure from the simple wage system is a new psychological relationship between the worker and the product. If under a proposed plan the average wage earner can be made to realize that his welfare and the welfare of his fellows will be increased in direct proportion to the increase in the product, a surplus may be expected as a result of an increase in average efficiency by means of which real improvement in general wellbeing may be brought about. The great task before the industrial statesmen of our time is to devise such a system of industrial relations that the average worker will be inspired to do his best from day to day by motives as compelling as was the motive of patriotism in stimulating ship production during the war.

30533°—21—Bull. 283—7

## APPENDIXES.

### APPENDIX A.—MEMORANDUM FOR THE ADJUSTMENT OF WAGES, HOURS, AND CONDITIONS OF LABOR IN SHIPBUILDING PLANTS.

When disputes arise concerning wages, hours, and conditions of labor in the construction or repair of shipbuilding plants, or of ships in shipyards, under the United States Shipping Board Emergency Fleet Corporation, or under said Shipping Board, or under contract with said corporation, or with said board, or if questions coming under the jurisdiction of the board arise with reference to such construction in a private plant in which construction is also being carried on for the Navy Department, and attempts at mediation or conciliation between employers and employees have failed, the adjustment of such dispute shall be referred to an adjustment board of three persons, hereinafter called the "board," one to be appointed jointly by the said corporation and the Navy Department, one to represent the public and to be appointed by the President of the United States, and one to represent labor, to be appointed by Samuel Gompers, president of the American Federation of Labor. It is understood, however, that this memorandum shall in no wise serve as a precedent for procedure in Government plants under the War or Navy Departments, except as may be authorized by such departments.

The plants where such construction is being carried on shall be geographically districted by the board. In each district, the contractors in whose plants such construction is being carried on, and the representatives of such international labor organizations as have members engaged in such production or construction in such plants, and as are selected for the purpose, by the labor member of the board, shall be called upon, under conditions to be laid down by it, to agree upon a person or persons who shall act under the direction of the board as examiner or examiners in such district. If the board deems it advisable itself to name an examiner or examiners, or if the representatives of the contractors and of the labor organization do not agree, then the board shall by unanimous action select a person or persons for such position. The examiner shall be subject to removal by the board at any time by majority vote. It shall be the duty of the district officer of the United States Shipping Board Emergency Fleet Corporation to report promptly to the board, and to the examiner of the district, if such examiner shall have been appointed, any dispute with reference to wages, hours, or conditions of labor which he is unable to adjust satisfactorily to the principals concerned.

As basic standards where such construction is being carried on, the board shall use the wage rate prevailing in the district in which such plant or plants are located, provided such wage rates have been established through agreements between employer and employees and are admitted to be equitable. Consideration shall be given by the board to any circumstances arising after such wages, hours, or conditions were established, and which may seem to call for changes in wages, hours, or conditions. Where no such agreements exist, and where as in the case of new industrial districts a proper basis of wages and conditions is difficult to determine, the board shall have the right to put into effect the rates which were awarded after due investigation and determination in other districts in which living conditions and cost of living are substantially the same. The board shall keep itself fully informed as to the relation between living costs in the several districts and their comparison between progressive periods of time. The decisions of the board shall, under proper conditions, be retroactive, and it shall be the duty of the board to make the decision effective. At any time after six months have elapsed following such ratified agreement or any such final decision by the adjustment board on any question as to wages, hours, or conditions in any plant or district, such questions may be reopened by the adjustment board for adjustment upon request of the majority of the craft or crafts at such plant affected by such agreement or decision, provided it can be shown that there has been a general and material increase in the cost of living. The decisions of the board will, in so far as this memorandum may be capable of achieving such result, be final and binding on all parties; provided, however, that either the employers or employees in any district may have the right to appeal from the decision rendered by the adjustment board to a board of review and appeal to be made up as follows: Three members to be named

jointly by the United States Shipping Board Emergency Fleet Corporation and the United States Navy Department, and three to be named by the president of the American Federation of Labor.

It is hereby stipulated and agreed that this memorandum shall supersede and stand in place of the "Memorandum for the adjustment of wages, hours, and conditions of labor in shipbuilding plants," signed August 20, 1917, and that it shall become effective this 8th day of December, 1917.

(Signed) Franklin D. Roosevelt, Acting Secretary of the Navy; Charles Piez, Vice President, United States Shipping Board Emergency Fleet Corporation; William Blackman, Assistant to General Manager; James O'Connell, President, Metal Trades Department; John I. Nolan, International Molders Union of North America; J. A. Franklin, International President of Boilermakers, Iron Shipbuilders and Helpers of America; James Wilson, President, Pattern Makers League of N. A.; Milton Snellings, General President, International Union of Steam and Operating Engineers; G. C. VanDornes, General Vice President, I. B. of B. & H.; F. J. McNulty, by J. J. P., I. B. E. W.; John J. Hynes, President, Amal. Sheet Metal Workers of A.; William H. Johnston, I. A. of M., per P. Flaherty.

## APPENDIX B.—REPORT OF THE CONFERENCE COMMITTEE OF NATIONAL LABOR ADJUSTMENT AGENCIES.

The following recommendations are submitted to serve as a basis for a national labor policy to be announced by the President of the United States.

### I.—HARMONY OF ACTION BY LABOR ADJUSTING AGENCIES.

1. A conference of national labor adjustment agencies, composed of two representatives of each Federal labor adjusting agency, should be established to meet at regular intervals for the purpose of promoting unified action and stability in reference to matters under their jurisdiction. Effective methods shall be established by each agency for conference with such other agencies as may be directly concerned by a proposed award, and in no event shall a decision effecting a change in standard rates or working conditions theretofore fixed by an authorized governmental agency be deemed to be concluded, nor shall such award be promulgated until the conference is first consulted as to its effect upon the industrial situation of the entire country.

2. It is recommended that appropriate steps be directed to be taken to secure whatever modification of existing agreements creating labor adjustment agencies is necessary to enforce the national labor policy that may be declared by the President.

3. Any complaint as to the application or operation of the principles and standards herein proclaimed shall be referred to the National War Labor Board for adjudication, in so far as its jurisdiction applies. And nothing herein is intended to repeal or amend the provisions of the presidential proclamation of April 8, 1918, establishing the National War Labor Board, and fixing its jurisdiction, its general procedure, and the principles upon which its action and decisions should be based.

### II.—STANDARD OF WAGES AND WORKING CONDITIONS.

The following industrial standards should govern the various adjusting agencies for the purpose of securing maximum efficiency during the war, regularity of work on the part of the employee, continuity of employment on the part of the employer, and to secure stability for industry. All the provisions should be interpreted with these great ends in view.

1. *Differentials.*—The principle of wage differentials relating to emergency war construction, shipyards, loading and unloading of ships, general manufacturing and railroad shops should for the present be recognized because:

(a) The transitory character of war construction and emergency shipbuilding has resulted in the establishment of rates of compensation in such occupations higher than are maintained in organizations which are part of the permanent industrial life of the Nation.

(b) The supreme necessity for ships makes it necessary to attract the additional workers required for their construction from nonwar industries and from localities remote from shipbuilding centers. This involves serious dislocation in the lives of workers who engage in such work. The relatively severe conditions under which shipbuilding construction is at the present time carried on entitle the men to a payment of compensation at a rate somewhat in excess of that paid employees in similar occupations in other industries not subject to such conditions, and a sufficient number of men can not otherwise be obtained.

(c) To determine whether or not existing wage differentials should be eliminated, and, if so, upon what basis, will require not only extensive investigation, but the closest cooperation of employers, employees, and representatives of the Government departments affected thereby. The administrative machinery to conduct such investigation and bring about such cooperation has been established and is being perfected. Pending the operation of this machinery any radical change in existing conditions would be arbitrary, would create confusion, and would seriously embarrass the agencies which are now working toward a solution of these problems, and thus handicap war production.

2. *Principles governing wage adjustments.*—(a) The national policy calls for the maintenance of proper standards of living—such standards as are appropriate to American citizens devoting their energies to the successful prosecution of a righteous war. Changes in the cost of living, therefore, call for adjustments in wages. In making such adjustments due regard must be accorded to securing maximum war production and to the state of the national finances, but no alteration of the national

policy as to American standards should occur until the Government has announced the necessity for the reduction of standards of all classes to meet the exigencies of the war. To permit the continuance of such standards we can not too strongly urge that immediate and drastic steps be taken by all the Government agencies equipped with power to prevent further increase in the cost of living.

(b) The application of the broad principle of maintaining standards of living can not be reduced to mathematical formula, but must follow the rules of reason and justice. In essence, reason and justice demand that this rule should apply in full force to those workers whose wages afford but a small margin over the amount necessary for the maintenance of their economic efficiency.

(c) Reason and justice further demand that the principle of adjusting wages to changes in the cost of living should apply only where a fair and equitable wage prevails. This principle should not operate to prevent workers whose wages were below a proper standard of living from securing an equitable adjustment.

(d) In the interest of stability, revisions of wage scales based upon changes in the cost of living as herein provided should be made semiannually. The semiannual adjustment should be based upon a comparison of the cost of living for the current six months' period with that of the corresponding period of the preceding year, and any change should apply to the succeeding six months.

3. *Standard working conditions.*—(a) Eight hours shall constitute a day's work on all work to which the 8-hour statutes of August 1, 1892, as amended, and of June 19, 1912, apply, and in all direct and sublet contracts for Government work. On all work to which the 8-hour statutes of August 1, 1892, as amended, and of June 19, 1912, apply, and in all direct and sublet contracts for Government work, except in continuous industries and continuous occupations, and except in the production or extraction of raw materials necessary for war work, four hours shall constitute a day's work on Saturdays for the months of June, July, and August. Where a short workday on Saturdays has been established in industries excepted above or for a greater number of months than those specified, the number of hours heretofore constituting a day's work on Saturdays should not be increased. Any time in excess of the hours specified above is to be considered overtime.

(b) In war time, on Government work, overtime should be required or permitted only when the public necessity demands.

Compensation at higher rates for overtime is paid as a means of protecting workers against unduly long hours and of penalizing employers who require such hours. Under the extraordinary conditions created by the war, however, there has developed a great temptation to break down the standard workday and to work irregular hours and at undue rates in order to secure the extra compensation paid for overtime. This not only threatens all proper standards of work but has hindered war production and resulted in a serious drain on the finances of the Nation. All Government authorities are therefore charged to use every effort to put a stop to this abuse.

Compensation for overtime, as defined in paragraph a, for hourly workers shall be at one and one-half the hourly rates and for pieceworkers at one and one-half times the average hourly piecework earnings for the total number of hours worked on piece work computed at the end of each pay period, except where compensation at a higher rate is now being paid; but in no case shall compensation at a rate in excess of double time be paid.

(c) On all Government war work and on all direct or sublet contracts for Government war work, no work shall be performed on Sundays or holidays except such as is indispensable, and in such cases the rate of compensation for such work should be not more than double the regular rates, computed as provided for in the preceding paragraph. When work on Sundays and holidays is necessary, every precaution should be taken to prevent irregular attendance on week days for the sake of the extra compensation on Sundays and holidays.

(d) The Federal Government recognizes for the purpose of extra compensation the following Federal holidays: New Years Day, Washington's Birthday, Decoration Day (Memorial Day), Fourth of July, Labor Day, Thanksgiving Day, and Christmas Day. On State and National election days, employees enjoying the voting privilege shall be allowed not to exceed half a day without loss of pay, in order to exercise their right of franchise.

(e) For night shifts in war industries, except in continuous industries and continuous occupations, extra compensation, not exceeding 10 per cent, should be added to the total earnings at day shift rates.

(f) The payment of bonuses, or any extra compensation or gift, which, in the judgment of the proper Government authorities have the effect of interfering with the established standards of compensation and other working conditions or which tend to promote an unnecessary shifting of employment, should be prohibited.

## III.—ENFORCEMENT OF STANDARDS.

1. Should any employer or worker refuse to abide by the award of an appropriate labor adjusting agency, the Government will utilize all the power at its disposal, including the withdrawal of privileges, to secure compliance with such award.

2. Strict measures should be taken by the War Industries Board and all Governmental agencies to prevent interference by war or nonwar industries with the application of the standards herein established.

Respectfully submitted.

(Signed) FELIX FRANKFURTER, *Chairman.*

OCTOBER 14, 1918.

From Emergency Construction Wage Commission:

JOHN R. ALPINE.

JOS. H. ALEXANDER, *Colonel Q. M. C.*

From Fuel Administration:

REMBRANDT PEALE.

P. B. NOYES.

From Labor Department, Division of Mediation and Conciliation:

JOHN B. LENNON.

From National Adjustment Commission:

ROBERT P. BASS.

From National Harness and Saddlery Adjustment Commission:

SAMUEL J. ROSENTOHN, *Major, J. A. G., U. S. A., Office of Secretary of War.*

W. E. BRYAN.

From National War Labor Board:<sup>1</sup>

From Navy Department:

ALBERT L. NORTON, *Commander, U. S. Navy.*

From Railroad Administration:

W. T. TYLER.

(Except as to the semiannual revision to meet changes in cost of living to which the Railroad Administration objects.)

From Shipbuilding Labor Adjustment Board:

A. J. BERRES.

V. EVERIT MACY.

From War Department:

F. W. TULLY, *Major, Ordnance, detailed to Office of Secretary of War.*

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<sup>1</sup> The representatives of this board declined to commit themselves in advance to these or any other standards, on the ground that their task was judicial and they could not, therefore, announce standards before reviewing all the evidence in each specific case.

**APPENDIX C.—WAGE SCALE FOR EMPLOYEES IN SHIPYARDS OF ATLANTIC COAST, GULF, AND GREAT LAKES, EFFECTIVE OCT. 1, 1918.**

OCCUPATION. <sup>1</sup>	Rate per hour.	OCCUPATION.	Rate per hour.
<b>Acetylene Department:</b>		<b>Boiler shop—Concluded.</b>	
Burners, first class.....	\$0. 76	Slab furnace men.....	\$0. 86
Burners, second class.....	. 70	Slab furnace men's helpers.....	. 64
Burners' helpers.....	. 54	<b>Bolting and liner department:</b>	
Chippers.....	. 58	Bolter.....	. 58
Grinders.....	. 58	Liner men.....	. 64
Welders.....	. 80	Liner men's helpers.....	. 54
Welders' helpers.....	. 54	<b>Cement department:</b>	
<b>Angle smith department:</b>		Cementers.....	. 60
Angle smiths, heavy fires <sup>2</sup> .....	. 96	Cementers' helpers.....	. 50
Angle smiths, heavy fires, helpers.....	. 64	<b>Chipping and calking department:</b>	
Angle smiths, other fires.....	. 80	Chippers and calkers.....	. 80
Angle smiths, other fires, helpers.....	. 54	Packers.....	. 58
Furnace men on shapes and plates (shipwork).....	. 90	Tank testers.....	. 86
Furnace men on shapes and plates, helpers.....	. 64	<b>Cleaning department:</b>	
Electric welders.....	. 82	Leaders <sup>4</sup> .....	. 64
Heaters in angle work.....	. 64	<b>Coppersmith department:</b>	
<b>Blacksmith shop:</b>		Coppersmiths.....	. 86
Back handler.....	. 54	Coppersmiths' helpers.....	. 54
Blacksmiths, heavy fires <sup>2</sup> .....	. 96	Heat, frost, and asbestos workers (pipe coverers).....	. 80
Blacksmiths, heavy fires, helpers.....	. 64	Heat, frost, and asbestos workers' (pipe coverers') helpers.....	. 54
Blacksmiths, other fires.....	. 80	Pipe fitters.....	. 80
Blacksmiths, other fires, helpers.....	. 54	Pipe fitters' helpers.....	. 54
Boilermakers.....	. 80	Plumbers.....	. 80
Boilermakers' helpers.....	. 54	Plumbers' helpers.....	. 54
Drop forgers.....	. 80	Steam fitters.....	. 80
Drop forgers' helpers.....	. 54	Steam fitters' helpers.....	. 54
Hammer and machine forgers, heavy <sup>3</sup> .....	1. 48	<b>Drilling and reaming department:</b>	
Hammer and machine forgers' helpers.....	. 64	Drillers (pneumatic).....	. 68
Hammer runners, heavy.....	. 64	Reamers (pneumatic).....	. 58
Hammer runners, other.....	. 58	<b>Electrical department:</b>	
Heaters.....	. 64	Electricians.....	. 80
Heaters to heavy forgers.....	. 76	Electricians' helpers.....	. 54
Levermen or cranemen.....	. 80	Joiners.....	. 80
Levermen or cranemen's helpers.....	. 58	Machinists, first class.....	. 80
Liner forgers.....	. 64	Wiremen.....	. 64
Liner forgers' helpers.....	. 54	<b>Erecting department:</b>	
<b>Boiler shop:</b>		Marine erectors, first class.....	. 80
Boiler makers.....	. 80	Marine erectors, second class.....	. 72
Boiler makers' helpers.....	. 54	Marine erectors' helpers.....	. 54
Flange turners.....	. 86	Specialists or handy men.....	. 62
Flange turners' helpers.....	. 64	<b>Fitting-up department:</b>	
Drillers (pneumatic).....	. 68	Angle and frame setters.....	. 80
Holders-on.....	. 60	Fitters.....	. 80
Planer hands.....	. 64	Fitters' helpers.....	. 54
Rivet heaters.....	. 50	Plate hangers (regulators), first class.....	. 70
Rivet heater boys (Newport News).....	. 30	Plate hangers, second class.....	. 60
		Plate hangers' helpers.....	. 54

<sup>1</sup> The occupations enumerated in this decision are described in the Handbook on Shipyard Occupations, published by the United States Shipping Board Emergency Fleet Corporation, copies of which may be obtained through the district examiners of the Shipbuilding Labor Adjustment Board.

<sup>2</sup> Angle smiths and blacksmiths, heavy fires, are angle smiths and blacksmiths who normally require two or more helpers in connection with their work. Laborers and back handlers are not to be considered helpers under this definition.

<sup>3</sup> Hammer and machine forgers, heavy, are men who normally work billets 6 inches in diameter and up, and use a furnace for heating. Men doing drop-forging work are not to come within this classification.

<sup>4</sup> Leaders work along with the gangs they direct and are not to be confused with "leading men."

OCCUPATION.	Rate per hour	OCCUPATION.	Rate per hour.
<b>Foundry department:</b>		<b>Paint department:</b>	
Casting cleaners (hand and machine chippers).....	\$0. 58	Painters and polishers.....	\$0. 74
Chippers and grinders.....	. 58	Painters and polishers' helpers..	. 54
Cupola tenders.....	. 80	Painters, bitumastic.....	. 80
Cupola tenders' helpers.....	. 54	Red leaders.....	. 60
Molders.....	. 80	<b>Pattern shop:</b>	
Molders' helpers.....	. 54	Pattern makers.....	. 86
<b>Furnace department:</b>		<b>Plant maintenance department:</b>	
Heaters.....	. 64	Hosemen.....	. 70
Leaders <sup>4</sup> .....	. 76	Saw filers.....	. 80
Strikers.....	. 64	Saw filers' helpers.....	. 54
<b>Hull engineering department:</b>		Tool grinders.....	. 70
Joiners.....	. 80	Toolsmiths (tool dressers).....	. 82
Joiners' helpers.....	. 54	<b>Power-house department:</b>	
Marine erectors, first class.....	. 80	Engineers (steam and electric)..	. 80
Marine erectors, second class....	. 72	Firemen.....	. 58
Marine erectors' helpers.....	. 54	Oilers.....	. 58
Specialists or handy men.....	. 62	Water tenders.....	. 58
<b>Joiner department:</b>		<b>Rigging department:</b>	
Joiners.....	. 80	Erectors <sup>5</sup> .....	. 62
Joiners' helpers.....	. 54	Erectors, leaders <sup>4</sup> .....	. 72
Machine men.....	. 80	Riggers, loft.....	. 74
Machine men's helpers.....	. 54	Crane riggers <sup>6</sup> .....	. 70
<b>Lumber department:</b>		Crane riggers, leaders <sup>6</sup> .....	. 80
Machine men.....	. 74	<b>Riveting department:</b>	
Machine men's helpers.....	. 54	Heaters.....	. 50
<b>Machine shop:</b>		Heater boys (Newport News)....	. 30
Machinists, first class.....	. 80	Holders-on.....	. 60
Machinists, second class.....	. 72	Passers.....	. 36
Machinists' helpers.....	. 54	Passer boys (Newport News)....	. 25
Specialists or handy men.....	. 62	Riveters.....	. 80
Metal polishers, buffers, and platers.....	. 80	Rivet testers.....	. 86
<b>Material labor department:</b>		Stage builders.....	. 66
Brakemen, yard.....	. 62	<b>Ship carpenter department:</b>	
Checkers, material.....	. 64	Ship carpenters, first class.....	. 80
Conductors, locomotive.....	. 64	Ship carpenters, second class....	. 74
Conductors, road crane.....	. 58	Ship carpenters' helpers.....	. 54
Engineers, locomotive.....	. 72	<b>Ship shed department:</b>	
Firemen, locomotive.....	. 50	Bending rollers.....	. 80
Hoisting and portable firemen....	. 58	Countersinkers.....	. 64
Hook and chain fasteners (hook tenders).....	. 58	Drillers (operators of drill presses)	. 64
Hook and chain fasteners, leaders <sup>4</sup> .....	. 68	Mangle rollers.....	. 66
Operators of aerial hoists, single and double cableways, hoisting donkeys and winches, hoisting cranes and derricks, with carrying capacity of over 3 tons.....	. 80	Offsetters.....	. 64
Operators of nonhoisting donkeys and winches.....	. 70	Planers.....	. 64
Switchmen, yard.....	. 62	Punchers.....	. 64
<b>Mold loft:</b>		Pressmen, first class.....	. 72
Joiners.....	. 80	Pressmen, second class.....	. 64
Joiners' helpers.....	. 54	Pressmen's helpers.....	. 54
Loftsmen.....	. 90	Sawyers.....	. 54
Loftsmen's helpers.....	. 54	Scarifiers.....	. 64
		<b>Ventilation department:</b>	
		Sheet-metal workers.....	. 80
		Sheet-metal workers' helpers....	. 54
		<b>All departments:</b>	
		Checkers, material.....	. 64
		Common laborers (South Atlantic and Gulf).....	. 36
		Counters (piecework).....	. 68
		Laborers.....	. 46
		Layers-out, <sup>7</sup> 5 cents in addition to journeyman's hourly rate.	
		Storeroom clerks.....	. 58
		Timekeepers.....	. 58

<sup>4</sup> Leaders work along with the gangs they direct and are not to be confused with "leading men."

<sup>5</sup> Men putting lighter materials and equipment on ship with aid of block and tackle.

<sup>6</sup> Men working with cranes on building berths and fitting out docks.

<sup>7</sup> Layers-out are men who lay out work direct from the blue print.

## WAGE SCALE FOR EMPLOYEES IN WOODEN SHIPYARDS NOT INCLUDED ABOVE.

OCCUPATION.	Rate per hour.	OCCUPATION.	Rate per hour.
Calkers.....	\$0.80	Ship carpenters, (shipwrights), second class.....	\$0.74
Calkers' helpers.....	.54	Ship carpenters, (shipwrights), helpers.....	.54
Ceilers and plankers.....	.68	Ship joiners.....	.80
Cut-off saw operators.....	.58	Stage builders.....	.66
Fasteners <sup>8</sup> .....	.68	Treenail machine operators.....	.58
General helpers.....	.54	Woodworking machines (small), operators.....	.58
Millmen.....	.80		
Oakum spinners.....	<sup>9</sup> 2.50		
Ship carpenters, (shipwrights), first class.....	.80		

<sup>8</sup> Fasteners embrace men operating either air or electrically driven augurs or hammers, driving drift-bolts or treenails, fastening timbers with strap irons, fastening drift bolts after driving, managing treenail cap tools, and splitting and wedging treenails.

<sup>9</sup> Per bale.

## APPENDIX D.—SUPPLEMENTARY RULING ON PIECE RATES FOR RIVETING, CHIPPING AND CALKING, DRILLING, REAMING AND COUNTERSINKING, FOR THE ATLANTIC COAST AND GULF DISTRICTS.

### I. DEFINITION OF TERMS.

(a) *Black-book rates.*—These are the rates for riveting, chipping and calking, drilling, and reaming and countersinking originally established by decision of this board dated February 25, 1918, and modified by a decision dated November 30, 1918. The term "black-book rates" is derived from the color of the binding of the book.

(b) *Allowance.*—The term "allowance" in this ruling is used only with respect to the operations named in the black book. It is permissible only when the work involved in these operations is of such a character as not to permit straight piecework to the extent of at least one-half day's operation, which should be ready in advance. Allowance thus refers to work ordinarily described by such terms as "odd," "stray," "pick-up," "obstructed" work.

(c) *Agreement.*—The term "agreement" in this ruling is used only with respect to operations in riveting, chipping and calking, drilling, and reaming and countersinking, which are not listed in the black book. Since these operations are not listed in the black book, they become a proper subject of agreement between the rate setter of the yard and the piece-rate workers. The term "agreement" as herein used refers to the establishment of an agreed piece rate and not to an agreed lump sum for a certain volume of work, which latter is termed "contract work."

### II. RULING.

(a) All riveting, chipping and calking, drilling, and reaming and countersinking operations which are listed in the black book shall normally be done at straight piecework. In cases in which allowance, as defined above, is permissible, the basis of compensation on such allowance is to be the average earnings at piecework for the preceding three days, provided that these shall not be less than the hourly rate fixed in Exhibit A of the decision dated October 24, 1918: *And provided further*, That the maximum allowance to riveting gangs for a day of eight hours shall be \$29.10, and that the maximum allowance for the other piecework crafts covered in the black book shall not exceed double the hourly day rate.

(b) In all riveting, chipping and calking, drilling, and reaming and countersinking operations which are not listed in the black book the agreement system as defined above may be used. The agreement rate should be in proper balance with the rates for work of a similar type in the black book. This principle, rather than limitation of earnings, will guide the rate setter of the yard and the pieceworkers in making agreed rates. The ruling of December 18, 1918, by which no agreement work could be compensated in excess of one and one-half times the hourly day rate is rescinded.

Rates fixed by agreement which are to continue in operation for more than one week shall be reported to the examiner of the district and shall be superseded whenever uniform piece rates for such work shall be fixed by the board.

(c) All work in riveting, chipping and calking, drilling, and reaming and countersinking is to be done on straight piecework or agreement or allowance or hourly day rates. No extension of contract, premium, or bonus systems is authorized.

(d) So much of the following piece-rate decisions and rulings as may be inconsistent with the foregoing ruling are hereby repealed:

Decision of November 30, 1918, concerning readjustment of piece rates and retroactive pay to pieceworkers in Atlantic coast, Delaware River, and Gulf steel-ship yards.

Ruling of December 10, 1918, concerning maximum allowance work and readjusting riveting gangs' pay.

Ruling of December 18, 1918, concerning restricting compensation allowance work.

Ruling of December 18, 1918, concerning restricting compensation work by agreement.

(e) This ruling is effective from February 1, 1919.

## III. PREVENTION OF ABUSES.

It is a function of the board to fix rates. It is not its function to police or inspect the work so as to prevent abuses of these rates. So much evidence has been presented, however, concerning abuses in the application of agreement and allowance in the past that the board calls the attention of the Emergency Fleet Corporation and the Navy Department to the situation. The board points out that as the terms are used in this ruling the amount of agreement work in riveting, chipping and calking, drilling, and reaming and countersinking should be a limited amount. Allowance work as defined in this ruling is, of course, limited to the operations listed in the black book and should be, under proper management, a small percentage of such operations. The board earnestly recommends to the Emergency Fleet Corporation and the Navy Department that steps should be taken to bring the amounts of agreement and allowance work in the yard down to proper limitations.

(Signed) V. EVERIT MACY, *Chairman,*  
*Appointed by the President of the United States.*

(Signed) L. C. MARSHALL,  
*Appointed by the Navy Department and the Emergency Fleet Corporation.*

(Signed) A. J. BERRES,  
*Appointed by the President of the American Federation of Labor.*

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